

NEW ISSUE – Full Book Entry

RATINGS: Fitch: “AAA”
Moody’s: “Aaa”
S&P: “AAA”
(See “RATINGS” herein)

In the opinion of Bond Counsel, under current law and assuming continuing compliance with certain tax covenants and requirements of the Internal Revenue Code of 1986, as amended (the “Code”), as described herein, interest on the Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes. Under existing law, the interest on the Bonds is excluded from Virginia taxable income for purposes of the individual income tax and the income taxation of corporations by the Commonwealth of Virginia under Sections 58.1-322 and 58.1-402 of the Code of Virginia of 1950, as amended, to the extent that such interest is excludable from gross income for federal income tax purposes. See “TAX MATTERS” herein for further information.

\$272,650,000
FAIRFAX COUNTY, VIRGINIA
PUBLIC IMPROVEMENT BONDS, SERIES 2022A

Dated: Date of Delivery

Due: October 1, as shown on the inside cover page

Interest on the Bonds will be payable on each April 1 and October 1, commencing October 1, 2022.

The Bonds are being issued for the purpose of financing various public improvements.

The Bonds maturing on or after October 1, 2032, are subject to optional redemption prior to maturity as a whole or in part at any time on or after April 1, 2032, at a redemption price of par plus accrued interest, as described herein. See “THE BONDS – Optional Redemption” herein.

The Bonds will be general obligations of Fairfax County, Virginia (the “County”), for the payment of which the Board of Supervisors of the County is unconditionally obligated to levy and collect an annual ad valorem tax, unlimited as to rate or amount, upon all property in the County subject to local taxation.

This page and the inside cover page contain certain information for quick reference only. They are not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered for delivery when, as, and if issued, subject to the approving opinion of Norton Rose Fulbright US LLP, Washington, D.C., Bond Counsel. The Bonds will be available for delivery in New York, New York, through the facilities of DTC on or about February 8, 2022.

January 19, 2022

FAIRFAX COUNTY, VIRGINIA

\$272,650,000 PUBLIC IMPROVEMENT BONDS, SERIES 2022A

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES/YIELDS

Base CUSIP† Number 30382A

<u>Maturity Date</u> <u>October 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Priced to</u> <u>Yield</u>	<u>CUSIP†</u> <u>Suffix</u>
2022	\$13,635,000	4.00%	0.32%	LK6
2023	13,635,000	4.00	0.42	LL4
2024	13,635,000	4.00	0.60	LM2
2025	13,635,000	4.00	0.75	LN0
2026	13,635,000	4.00	0.87	LP5
2027	13,635,000	4.00	1.00	LQ3
2028	13,635,000	4.00	1.14	LR1
2029	13,635,000	4.00	1.23	LS9
2030	13,635,000	4.00	1.28	LT7
2031	13,635,000	4.00	1.32	LU4
2032	13,635,000	4.00	1.40 ⁽¹⁾	LV2
2033	13,635,000	4.00	1.45 ⁽¹⁾	LW0
2034	13,630,000	4.00	1.49 ⁽¹⁾	LX8
2035	13,630,000	2.00	1.96 ⁽¹⁾	LY6
2036	13,630,000	2.00	1.97 ⁽¹⁾	LZ3
2037	13,630,000	2.00	2.00	MA7
2038	13,630,000	2.00	2.11	MB5
2039	13,630,000	2.00	2.15	MC3
2040	13,625,000	2.00	2.22	MD1
2041	13,625,000	2.00	2.25	ME9

⁽¹⁾ Yield to first optional redemption date of April 1, 2032.

† CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only, and Fairfax County, Virginia, does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to change after the issuance of the Bonds.

Fairfax County, Virginia

BOARD OF SUPERVISORS

Jeffrey C. McKay, *Chairman*
Penelope A. Gross, *Vice Chairman*
Walter L. Alcorn
John W. Foust
Patrick S. Herrity
Rodney L. Lusk
Dalia A. Palchik
Kathy L. Smith
Daniel G. Storck
James R. Walkinshaw

COUNTY OFFICIALS

Bryan J. Hill, *County Executive*
Christopher Leonard, *Deputy County Executive*
Rachel O'Dwyer Flynn, *Deputy County Executive*
Christina C. Jackson, *Chief Financial Officer and Director, Department of Management and Budget*
Christopher J. Pietsch, *Director, Department of Finance*

COUNTY ATTORNEY

Elizabeth D. Teare, Esquire

PAYING AGENT

Fairfax County Director of Finance
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Fairfax, Virginia 22035-0074
(703) 324-3120

FINANCIAL ADVISOR

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Arlington, Virginia 22203-1547
(703) 741-0175

BOND COUNSEL

Norton Rose Fulbright US LLP
799 9th Street NW, Suite 1000
Washington, D.C. 20001-4501
(202) 662-4760

For information relating to this Official Statement please contact:

Christina C. Jackson, Chief Financial Officer
Fairfax County, Virginia
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035-0074
(703) 324-2391

No person has been authorized by Fairfax County, Virginia (the “County”), to give any information or to make any representations with respect to the County or the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations may not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Bonds. Any electronic reproduction of this Official Statement may contain computer generated errors or other deviations from the printed Official Statement. In any such case, the printed version controls.

The Bonds are exempt from registration under the Securities Act of 1933, as amended. The Bonds are also exempt from registration under the securities laws of the Commonwealth of Virginia. The Bonds have not been registered under the Securities Act of 1933, as amended, and the County’s bond authorization has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in the acts. The registration or qualification of the Bonds in accordance with applicable provisions of laws of any jurisdiction in which the Bonds have been registered or qualified and the exemption from registration or qualification in other jurisdictions cannot be regarded as a recommendation thereof. Neither these jurisdictions nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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OFFICIAL STATEMENT
FAIRFAX COUNTY, VIRGINIA

Regarding
\$272,650,000 Public Improvement Bonds, Series 2022A

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover pages and the appendices hereto, is to furnish information in connection with the sale by Fairfax County, Virginia (the “County”), of its \$272,650,000 Public Improvement Bonds, Series 2022A (the “Bonds”).

The financial and operating data contained herein and in Appendix IV are as of the dates and for the periods indicated, which in many cases were prior to the outbreak of the COVID-19 pandemic. Such financial and operating data have not been updated to reflect any potential impacts of the COVID-19 pandemic on Fairfax County’s general economic and financial condition. See “GOVERNMENT SERVICES – COVID-19 Matters.”

THE BONDS

Authorization And Purposes

The Bonds will be issued under a resolution (the “Resolution”) adopted by the Board of Supervisors of Fairfax County (the “Board of Supervisors”) on December 7, 2021, pursuant to Article VII, Section 10(b) of the Constitution of Virginia and the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended (the “Act”).

The Bonds will be issued to provide funds in the following amounts for the following purposes (collectively, the “Public Improvements”):

School Improvements	\$180,000,000
Transportation Improvements and Facilities.....	49,000,000
Public Safety Facilities	40,000,000
Parks and Park Facilities.....	18,000,000
Public Library Facilities.....	8,000,000
Human Services and Community Development Facilities	<u>5,000,000</u>
Total	<u>\$300,000,000</u>

The anticipated sources and uses of the proceeds of the Bonds are summarized below.

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Sources

Par amount of the Bonds	\$272,650,000.00
Net offering premium	<u>28,080,444.20</u>
Total Sources.....	<u>\$300,730,444.20</u>

Uses

Public Improvements.....	\$300,000,000.00
Underwriter’s discount	218,129.54
Other issuance expenses	<u>512,314.66</u>
Total Uses.....	<u>\$300,730,444.20</u>

Description

The Bonds will be dated the date of their delivery, will bear interest from their delivery date, payable on each April 1 and October 1, commencing October 1, 2022, and will mature in the amounts on October 1 in each of the years 2022 through 2041, inclusive, as set forth on the inside cover page of this Official Statement.

Interest on the Bonds is calculated based on a 360-day year consisting of twelve thirty-day months. The Bonds will be issued in denominations of \$5,000 and integral multiples thereof under the book-entry system of the Depository Trust Company (“DTC”), and principal and interest on the Bonds will be payable in the manner described in Appendix V, “BOOK-ENTRY ONLY SYSTEM.”

Optional Redemption

The Bonds maturing on or after October 1, 2032, are subject to redemption prior to maturity, at the option of the County, from any money available for such purpose on any date on or after April 1, 2032, as a whole or in part (in integral multiples of \$5,000) at any time, at a redemption price equal to the principal amount thereof, together with the interest accrued to the redemption date on the principal amount to be redeemed.

Notice of Redemption

Not more than sixty (60) nor less than thirty (30) days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the County will cause a notice of such redemption to be filed with the bond registrar and to be mailed, postage prepaid, to the registered owner of each Bond to be redeemed in whole or in part at his or her address appearing upon the registration books of the County, but failure to mail such notice or any defect therein will not affect the validity of the redemption. Each such notice shall set forth the date designated for redemption, the redemption price to be paid, and the maturities of the Bonds to be redeemed and, if less than all of the Bonds of any one maturity of a series then outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed and, in the case of any Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption will state also that on or after the redemption date, upon surrender of such Bond, a new Bond or Bonds in principal amount equal to the unredeemed portion of such Bond will be issued.

Any notice of optional redemption of the Bonds may state that it is conditioned upon there being available an amount of money sufficient to pay the redemption price plus interest accrued and unpaid to

the redemption date, and any conditional notice so given may be rescinded at any time before the payment of the redemption price if any such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds on deposit by the County, the corresponding notice of redemption will be deemed to be revoked.

Security

The Bonds are general obligations of the County for which its full faith and credit are irrevocably pledged. The Act requires that the Board of Supervisors shall, in each year while any of the Bonds shall be outstanding, levy and collect an ad valorem tax, unlimited as to rate or amount, upon all property in the County subject to local taxation sufficient to pay the principal of and the interest on the Bonds as the same shall become due, which tax shall be in addition to all other taxes authorized to be levied in the County.

State Aid Intercept

The provisions of Section 15.2-2659 of the Act, in substance, direct the Governor of Virginia, upon satisfactory proof of default by the County in the payment of principal of or interest on the Bonds, immediately to order the Comptroller of Virginia to withhold all further payment to the County of all funds, or any part thereof, appropriated and payable by the Commonwealth of Virginia (the "Commonwealth" or "State") to the County for any and all purposes until such default is remedied. For as long as the default continues, the law directs the Governor to require the Comptroller to pay to the holders of such Bonds or the paying agent therefor all of the withheld funds or as much as are necessary to cure, or to cure insofar as possible, the default on such Bonds. The Governor shall, as soon as practicable, give notice of such default and of the availability of funds with the paying agent or with the Comptroller by publication one time in a daily newspaper of general circulation in the City of Richmond, Virginia, and by mail to the registered owners of such Bonds. Although the provisions of Section 15.2-2659 have never been tested in a Virginia court, the Attorney General of Virginia has opined that appropriated funds can be withheld pursuant to its provisions.

Remedies

The Bonds do not specifically provide any remedies that would be available to a bondholder if the County defaults in the payment of principal of or interest on the Bonds, nor do they contain a provision for the appointment of a trustee to protect and enforce the interests of the bondholders upon the occurrence of such default. If a bondholder does not receive payment of principal or interest when due, the holder could seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the Board of Supervisors to levy and collect an ad valorem tax, unlimited as to rate or amount, upon all property in the County subject to local taxation sufficient to pay the principal of and the interest on the Bonds as the same shall become due. The mandamus remedy, however, may be impracticable and difficult to enforce. The enforceability of rights or remedies with respect to the Bonds (but not the validity of the Bonds) may be limited by bankruptcy, insolvency, or other State or federal laws, heretofore or hereafter enacted, and equitable principles affecting the enforcement of creditors' rights.

No Litigation Respecting the Bonds

No litigation is pending or, to the best of the County's knowledge, threatened (a) to restrain or enjoin the issuance, sale, or delivery of any of the Bonds, the application of the proceeds thereof, or the pledge of tax revenues for payment of the Bonds, (b) in any way contesting or affecting any authority for the issuance or validity of the Bonds, (c) in any way contesting the existence or powers of the County or

(d) that, if determined adversely against the County, would have a material adverse effect on the County. See “CONTINGENT LIABILITIES AND CLAIMS” for a description of litigation affecting the County.

FAIRFAX COUNTY

GENERAL DESCRIPTION

Overview

Fairfax County (the “County”) is located in the northeastern corner of the Commonwealth of Virginia (the “Commonwealth”) and encompasses a net land area of 407 square miles. Its current estimated population exceeds one million. The County is part of the Washington, D.C., metropolitan area, which includes jurisdictions in Maryland, the District of Columbia and Northern Virginia.

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

In Virginia, cities and counties are discrete units of government and do not overlap. Fairfax County completely surrounds the City of Fairfax and is adjacent to the City of Falls Church and the City of Alexandria. Property within these cities is not subject to taxation by Fairfax County, and the County generally is not required to provide governmental services to their residents. The County does, however, provide certain services to the residents of certain of these cities pursuant to agreements with such cities.

In Fairfax County there are three incorporated towns, Clifton, Herndon and Vienna, which are underlying units of government within the County, and the ordinances and regulations of the County are, with certain limitations prescribed by Virginia law, generally effective in them. Property in these towns is subject to County taxation, and the County provides certain services to their residents. These towns may incur general obligation bonded indebtedness without the prior approval of the County (more fully discussed in “DEBT ADMINISTRATION – Underlying Bonded Indebtedness”).

Population

Fairfax County’s estimated 2020 population is 1,171,848. In 1980, Fairfax County was the third most populous jurisdiction in the Washington, D.C., primary metropolitan statistical area, as defined by the U.S. Bureau of the Census. By 1990, Fairfax County, with 818,584 residents, had become the most populous jurisdiction in the Washington, D.C. area, having added an average of 22,168 people per year in the 1980s. Population growth during the 1990s and 2000s slowed; on average, the County gained about 9,012 people per year during 2010-2020.

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Fairfax County Population

<u>Calendar Year</u>	<u>Population</u>
1940	40,929
1950	98,557
1960	248,897
1970	454,275
1980	596,901
1990	818,584
2000	969,749
2001	984,366
2002	1,004,435
2003	1,012,090
2004	1,022,298
2005	1,033,646
2006	1,037,311
2007	1,041,507
2008	1,050,315
2009	1,074,227
2010	1,081,726
2011	1,100,692
2012	1,118,602
2013	1,130,924
2014	1,137,538
2015	1,142,234
2016	1,138,652
2017	1,142,888
2018	1,152,873
2019	1,166,965
2020	1,171,848

Sources: U.S. Bureau of the Census (1940-2000, and 2010 Decennial Censuses); FY 2011-2020 Fairfax County Annual Comprehensive Financial Report FY 2021

The following table reflects the population age distribution of County residents, based on the U.S. Census Bureau's 2010 Decennial Census. The survey estimated the County's total population in 2010 at 1,081,726.

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**Household Population Age Distribution
Fairfax County**

<u>Age Group</u>	<u>2010</u>	
	<u>Number</u>	<u>Percent (%)</u>
Under 20 years	285,405	26.4
20 – 34	218,781	20.2
35 – 54	339,757	31.4
55 – 64	131,493	12.2
65 and Over	<u>106,290</u>	<u>9.8</u>
Total	1,081,726	100.0

Sources: U.S. Bureau of the Census, 2010 Decennial Census and Virginia Employment Commission

Based on the latest data released by the U.S. Census Bureau, Fairfax County’s median household income was \$124,831 and median family income was \$144,687 in 2019. Approximately 37.2% of the County’s households and 47.9% of families had annual incomes of \$150,000 or more. The following table shows the 2019 household and family income distribution in the County.

2019 Household and Family Income Distribution (by Percentage)¹

<u>Income Level</u>	<u>Household</u>	<u>Family</u>
Under \$25,000	7.2%	5.0%
\$25,000 – 49,999	9.8%	8.5%
\$50,000 – 74,999	12.3%	8.8%
\$75,000 – 99,999	12.1%	10.1%
\$100,000 – 149,999	21.4%	19.7%
\$150,000 or more	37.2%	47.9%
Median Income	\$124,831	\$144,687

Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates

¹ Household Income is defined as that income which is available to all residents of a housing unit, regardless of relationship. Income is from all sources, before taxes and deductions, and includes wages, business, retirement, SSI, alimony, child support, interest, etc. Family Income is derived by including only those households containing two or more persons related by blood, marriage or adoption. Percentages may add to more than 100% due to rounding.

Certain County Administrative and Financial Staff Members

Bryan J. Hill, County Executive, was appointed as County Executive by the Fairfax County Board of Supervisors effective January 2, 2018. He was previously the Chief Administrative Officer and Clerk to the Board for James City County from 2014 to 2017; he previously spent seven years with Beaufort County, South Carolina, as deputy county administrator. At James City County, Mr. Hill was responsible for oversight of staff, major infrastructure projects, economic development, transportation initiatives and the development and implementation of that county’s first strategic plan. He led the realignment of James City County’s debt portfolio, which resulted in AAA ratings from each of the three major bond rating agencies. Mr. Hill also has served as the vice chancellor for finance and operations at the University of South Carolina’s Beaufort/Bluffton Campus, and as the director of finance for the University of Maryland’s Office of Information and Technology as well as director of administration for the Department of Aerospace Engineering. He has a bachelor’s degree in public administration from Alfred University and a master’s degree in public administration from the University of Southern California.

Christopher A. Leonard, Deputy County Executive, was appointed on January 2, 2021, by the Board of Supervisors. Mr. Leonard oversees the Park Authority and various departments that make up the provision of Health, Housing, and Human Services in Fairfax County. He has more than two decades of experience as a county employee, starting as a budget analyst in the Department of Management and Budget. Mr. Leonard spent the ten years prior to his current appointment serving as the Director of the Department of Neighborhood and Community Services. In that role, he led the considerable change management effort required for the consolidation of two existing county departments into one department, an effort that resulted in considerable savings. Mr. Leonard earned a bachelor's degree in sport management and a master's degree in public administration, both from West Virginia University.

Rachel O'Dwyer Flynn, Deputy County Executive, was appointed on January 22, 2019, by the Board of Supervisors. Ms. Flynn oversees the Department of Public Works and Environmental Services, the Department of Transportation, the Department of Code Compliance, Land Development Services and the Department of Planning and Development. Ms. Flynn has 35 years of experience in both private and public organizations as an architect, urban planner, director of planning/building/economic development and real estate development executive. Before her appointment as Deputy County Executive, Ms. Flynn was the director of design management, planning and entitlements at Google, and from 2016-2018, she was the vice president of FivePoint Communities. Previously, Ms. Flynn served as the director of the Department of Planning and Building for the City of Oakland, California, from 2013-2016; the director of planning for Otak International in Abu Dhabi from 2011-2012; the director for the Department of Community Development for the City of Richmond from 2006-2011; and the director of the Department of Community Planning and Development for the City of Lynchburg from 1998-2006. Ms. Flynn has led efforts to develop award-winning master plans and city-wide general plans throughout her career. She has been honored with numerous awards from civic and professional organizations for implementing successful and complex plans, progressive environmental initiatives and innovative GIS/technology programs. Ms. Flynn holds a bachelor's degree in architecture and a master's degree in engineering management from Catholic University and a master's in public administration from Harvard University. Ms. Flynn is a licensed architect and a member of the American Institute of Architects.

The County is currently recruiting a Deputy County Executive for Public Safety. The previous incumbent retired in December, 2021.

Elizabeth D. Teare was appointed County Attorney by the Fairfax County Board of Supervisors effective July 1, 2016. Prior to her appointment, Ms. Teare served as the Deputy County Attorney for the Land Use and Environmental Law Section of the Fairfax County Attorney's Office from 2012 through 2016. From 2009 through 2012, she served as a Senior Assistant County Attorney and from 2000 to 2008 as an Assistant County Attorney. Prior to her tenure with the Fairfax County Attorney's Office, Ms. Teare was an associate attorney with a law firm known at that time as Surovell, Jackson, Colten & Dugan, P.C., in Fairfax, Virginia, from 1992 to 2000. She also worked as an Assistant Attorney General in Richmond, Virginia, in a temporary position from 1991 to 1992. Ms. Teare clerked for the Honorable Rosemarie Annunziata, who was then a Fairfax County Circuit Court Judge, from 1990 to 1991. Ms. Teare has been appointed by the Supreme Court of Virginia to serve on the faculty of the Virginia State Bar's Harry L. Carrico Professionalism Course. In addition, she has lectured on land use and environmental law related issues for the Fairfax County Bar Association and the Local Government Attorneys of Virginia. Ms. Teare received a Bachelor of Arts degree from Sweet Briar College, magna cum laude with high honors in English, in 1986. In 1990, Ms. Teare received her juris doctorate degree, cum laude, from the Washington and Lee University School of Law and was admitted to the Virginia State Bar later that year.

Christina C. Jackson was appointed Fairfax County's Chief Financial Officer (CFO) effective September 13, 2021. Prior to assuming the duties of CFO, Ms. Jackson served as Director of the

Department of Management and Budget of the County (a role she maintains as CFO) since July 2019 and served as Deputy Director from November 2015. Ms. Jackson received her bachelor's degree in Public Policy Studies and Political Science from Duke University and a Master of Public Affairs degree from the University of North Carolina at Greensboro. Ms. Jackson joined the Fairfax County Department of Management and Budget in December 2003 as a budget analyst.

Christopher J. Pietsch was appointed Director of Finance for Fairfax County effective December 30, 2013. From 2003 until his appointment as Director of Finance, Mr. Pietsch served as the Director of the Fairfax County Internal Audit Office. Prior to that, Mr. Pietsch spent 16 years working in bank auditing as well as governmental auditing with the Commonwealth. Mr. Pietsch is a graduate of James Madison University, Harrisonburg, Virginia, with a degree in Finance. In addition, he is a Certified Public Finance Officer, a Certified Internal Auditor and a Certified Bank Auditor.

County Employees

As of July 2021, the School Board of Fairfax County, Virginia (the "School Board"), supported 24,839 full time equivalent positions. The County supported 12,003 full time equivalent positions in activities funded directly or supported by the General Fund and 1,290 full time equivalent positions employed in activities not supported by the General Fund, principally the County's Integrated Sewer System (the "Integrated Sewer System").

Fairfax County employees are not represented by unions. Fairfax County public school employees have, however, organized the Fairfax Education Association and the Fairfax County Federation of Teachers to represent the interests of its members at public hearings and meetings before the School Board and the Board of Supervisors. General County employees' interests are represented at these types of meetings by the Employees Advisory Council and other groups such as police, fire, and sheriff employee organizations. None of these organizations is empowered to serve as negotiating agent for its members for collective bargaining purposes.

As part of the 2020 legislative session, the Virginia General Assembly voted to provide localities the ability to collectively bargain with some public employees. The legislation was subsequently signed by the Governor with an amendment making this legislation effective May 1, 2021. The Board's Personnel Committee received a presentation about the framework of collective bargaining from the County's outside legal consultant on March 2, 2021, and held further discussions on this topic as part of follow on Personnel Committee meetings. At the May 25, 2021, Board of Supervisors meeting, County staff presented a draft collective bargaining ordinance for discussion. The Board held a public hearing on the collective bargaining ordinance on October 5, 2021, and approved it on October 19, 2021.

There are currently three County approved collective bargaining units: Police, Fire and Emergency Medical Services, and General Government. The funding of any resulting financial commitments is subject to annual appropriation by the Board of Supervisors. The Fairfax County Public Schools will separately establish its own collective bargaining framework for its employees.

GOVERNMENT SERVICES

Reflecting its urban character, Fairfax County provides a comprehensive range of public services characteristic of its form of government under Virginia law and its integral position within the Washington metropolitan area. The following subsections describe principal governmental services and services performed in conjunction with other governmental entities.

General Government Administration

The County government center complex is located in the Fairfax Center area and is accessible by U.S. Routes 50 and 29, near Interstate Highway 66. The 675,000 square foot government center houses core County services and agencies. Three adjacent County office buildings provide an additional 760,000 square feet of space and house primarily human services, community development and public safety agencies and departments of the County. The County also occupies a 135,000 square foot governmental center for delivery of County services in the southeast part of the County, and has six remote governmental centers throughout the County. The centers provide office space for members of the Board of Supervisors, personnel, police, and building inspectors, and provide meeting rooms for community activities.

In June 2021, the International City/County Management Association (“ICMA”) announced that it had awarded its Certificate of Excellence to Fairfax County for the twelfth consecutive year. The County is among only 28 jurisdictions across the nation being recognized for their superior efforts and results in performance measurement and management with this award – the organization’s highest level of recognition – from the ICMA Center for Performance Measurement™ (“CPM”). The Certificate of Excellence is the highest of CPM’s three levels of recognition, and pays special tribute to the County’s efforts in identifying and reporting to the public key outcome measures and surveying of residents and employees, as well as the pervasiveness of performance measurement in the County’s culture.

Fairfax County’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020, received the Certificate of Achievement for Excellence in Financial Reporting for the 43rd year from the Government Finance Officers Association (“GFOA”). Fairfax County has also earned GFOA’s Distinguished Budget Presentation Award for the past 37 years. This award represents the highest form of recognition in governmental budgeting and reflects the commitment of the governing body and staff to meet the highest principles of public budgeting. The Association of Public Treasurers of the United States and Canada (“APT”) has awarded the County certification for its investment policy every year since 1998, confirming that the County meets the high public investment standards set forth by the Association. Written investment policies submitted to the APT received vigorous peer team review for conformity with principles of sound investment management, careful public stewardship, and adoption of the profession’s best practices.

Public Schools

Fairfax County Public Schools (“FCPS”) is the largest educational system in the Commonwealth and the tenth largest school system nationwide, ranked by enrollment. The system is directed by a twelve-person School Board elected by County residents to serve four-year terms. A student representative with a one-year term participates in the School Board’s discussions but does not vote. Because the School Board is not empowered to levy taxes or to incur indebtedness, the operating costs of FCPS are provided by transfers to the School Board from the General Fund of the County and the federal and Commonwealth governments (see “FINANCIAL INFORMATION – General Fund Summary” herein). Capital construction funding for public school facilities is provided primarily by the sale of general obligation bonds of the County.

The FCPS system is a high-quality system offering a variety of programs. There is a strong academic program for college-bound students. More than 92% of FCPS graduates self-reported plans to enroll in post-secondary educational programs. In addition to the traditional academic curriculum, the Thomas Jefferson High School for Science and Technology provides a four-year college preparatory program for students who have a strong interest and high aptitude in mathematics, science, computer science, engineering, or related professional fields. The school is designated as one of the Governor’s

magnet schools for science and technology, and students from other Northern Virginia counties are admitted on a tuition-paying basis.

FCPS also offers an extensive program for students pursuing opportunities in technical careers, with courses in business, health occupations, industrial technology, marketing, trade and industrial, and family and consumer sciences studies. In addition, there are special programs offered for gifted children and for students with disabilities spanning ages 2 through 21. FCPS also provides an extensive adult education program offering basic education courses and general education, vocational, and enrichment programs.

As of FY 2022, the School Board operates 192 schools and 7 special education centers:

Fairfax County Public Schools

<u>Type of School</u>	<u>Number of Public Schools</u>
Elementary School	142
Middle School	23
High School	22
Secondary School ¹	3
Alternative High School	2
Special Education Center	<u>7</u>
Total	199

Source: Fairfax County Public Schools FY 2022 Approved Budget

¹ Grades 7-12.

The number of students attending Fairfax County Public Schools increased overall between FY 2013 and FY 2021. Enrollment for FY 2021 was 190,634, an increase of 9,375 students over the FY 2013 enrollment. FY 2022 approved enrollment is 189,596 students.

Fairfax County Public Schools Enrollment

<u>Fiscal Year</u>	<u>Number of Public School Students</u>	<u>% Change</u>
2013	181,259	-
2014	183,895	1.45%
2015	185,914	1.10
2016	185,979	0.03
2017	186,842	0.46
2018	188,403	0.84
2019	187,521	(0.47)
2020	188,355	0.44
2021	190,634	1.21
2022	189,596	(0.54)

Source: Fairfax County Public Schools FY 2022 Approved Budget

The average per pupil expenditures based on FY 2021 budget operating costs for several Washington metropolitan area jurisdictions are as follows:

Washington Metropolitan Area Per Pupil Expenditures

<u>Jurisdiction</u>	<u>Per Pupil Expenditures</u>
Arlington County	\$19,581
Falls Church City	19,228
Alexandria City	18,147
Montgomery County (Md.)	16,759
Fairfax County	16,505
Loudoun County	15,214
Manassas City	13,705
Prince William County	12,641
Manassas Park	12,057

Sources: FY 2021 Washington Area Boards of Education Guide; FCPS FY 2022 Approved Budget.

Note: Data not available for Prince George’s County as part of the FCPS FY 2022 Approved Budget.

Of the Advanced Placement (AP) tests taken by FCPS students in 2020, 75% rated a score of 3 or above (on a grading scale of 1 to 5). In 2020, 36,169 AP tests were given, an increase of 1.2% from 2015. Students who score a 3 or above on at least three AP exams are recognized by the College Board as AP Scholars; the total number of FCPS students recognized as AP Scholars rose from 6,204 in 2015 to 6,548 in 2020.

For the 2019-2020 school year, FCPS’ average SAT score was 1211, compared with the Virginia average of 1116 and the national average of 1051.

Public Works

The Department of Public Works and Environmental Services (“DPWES”) provides essential management, professional engineering, design, and construction services in support of the construction of roads, sidewalks, trails, storm drainage, sewers, street lights, bus shelters and public facilities (except schools, housing, and parks). DPWES is also responsible for the acquisition of land for, and timely construction of, public facilities projects contained in bond referenda questions approved by the voters of Fairfax County. See “DEBT ADMINISTRATION – Bond Referenda Authorization” herein.

The County’s wastewater system provides sewer service to residents and businesses through a system of approximately 3,300 miles of sewer lines, 63 pumping stations, 57 metering stations and one treatment plant owned and operated by the County. Wastewater generated in the County is treated at one County-owned treatment facility (Noman M. Cole, Jr., Pollution Control Plant), four inter-jurisdictional treatment facilities (District of Columbia Water and Sewer Authority’s Blue Plains Facility, and plants operated by the Upper Occoquan Sewage Authority, Arlington County, and Alexandria Renew Enterprises), and one private treatment facility (Harbor View Wastewater Treatment Plant). The County’s treatment capacity in the six facilities totals 156.7 million gallons per day (“mgd”). In addition, the County has purchased 1.0 mgd from the Loudoun County Sanitation Authority and 0.1 mgd of capacity from the Prince William County Service Authority for future flow needs in the southern portion of the County. In July 2019, the County sold 0.5 mgd of its allocation at the Upper Occoquan Sewage Authority to the City of Manassas.

The County’s stormwater management program is managed on a comprehensive watershed basis and consists of regulatory compliance, dam safety and facility rehabilitation, stream and water quality, emergency and flood control, conveyance system rehabilitation, contributory funding requirements and

operating support. The stormwater system has multiple projects and initiatives underway in support of the County's environmental priorities.

DPWES manages and operates the I-95 Sanitary Landfill located on approximately 500 acres in the southern portion of the County. This facility is operated on a "special fund" basis, which utilizes tipping fees to pay for the operation and capital expenditures of the landfill. Since January 1, 1996, the landfill has been dedicated to the disposal of ash generated primarily by the incineration of municipal solid waste at the Arlington/Alexandria Energy-from-Waste Facility and the I-95 Energy/Resource Recovery Facility ("E/RRF") located in Fairfax County. On older portions of the landfill, the County has initiated closure activities, which involve placing a synthetic or low permeability soil cap over the closed section of the landfill along with installation of landfill gas extraction wells and leachate collection systems. Capping activity has been completed on approximately 260 acres of the site. The closure project is a multi-phase construction project to continue through the remaining life of the facility. The County has established reserves for this purpose and has met the financial assurance requirements established by the Virginia Department of Environmental Quality regarding closure and post-closure care. Additional landfill requirements, whether debris or municipal solid waste, are met through separate contracts.

The E/RRF, which is operated by Covanta Fairfax, Inc., burns solid waste delivered to the facility from the County, other local governments, and merchants. The facility has a dependable electric capacity rating of 63 megawatts for sale to Dominion Virginia Power, although it has the ability to generate over 80 megawatts. Fairfax County and the Fairfax County Solid Waste Authority, which was created by the County, entered into a service contract in August 1987 with Ogden Martin Systems of Fairfax (now Covanta Fairfax, Inc.), under which Covanta Fairfax, Inc., was obligated to design, construct, operate, and maintain a 3,000 ton per day resource recovery facility at the I-95 Landfill Site. On April 11, 2014, the County and Covanta Fairfax, Inc. entered into a Waste Disposal Agreement ("WDA") that became effective on February 2, 2016, and had an initial five-year term that has since been extended to February 1, 2026. Under the WDA, the County's delivery commitment is 650,000 tons (as may be adjusted under the terms of the WDA). During FY 2020, the E/RRF processed 671,008 tons of material.

Water Supply Service

Fairfax Water ("FW") provides retail water service to residents of Fairfax County and the cities of Fairfax and Falls Church. In addition, FW supplies water for resale, principally in the City of Alexandria, Loudoun County, Prince William County, Fort Belvoir, Towns of Vienna and Herndon. The average total retail and wholesale population served by FW is estimated at 2,000,000 persons. FW, which operates the largest water system in the Commonwealth of Virginia, was established by the Board of Supervisors in 1957 to develop a comprehensive, County-wide water supply system through the acquisition of existing systems and the construction of new facilities. FW is an independent body administered by a ten-member board appointed by the Board of Supervisors. FW finances its capital improvements through the issuance of revenue bonds that are not backed by the full faith and credit of the County but principally repaid by revenues derived from charges for services rendered. Effective April 1, 2022, FW's basic retail water charge is \$3.46 per 1,000 gallons, plus a quarterly service charge (effective April 1, 2022, \$14.95 for most single family homes and townhouses). To pay for treatment and pumping capacity which is used only during periods of high demand, FW also levies a peak use charge of an additional \$3.85 per 1,000 gallons (effective April 1, 2022), on customers who exceed their winter quarter consumption by 6,000 gallons or 30%, whichever is greater. There also are fees for initial connection to the system and for opening, closing, or transferring an account.

FW uses three sources of water supply (Occoquan and Potomac Rivers and the Washington Aqueduct), operates associated treatment, transmission, storage, and distribution facilities, and provides

service to approximately 281,000 retail accounts in Fairfax County, with an average daily consumption of about 166 million gallons per day (“mgd”). The combined maximum daily capacity of the supply and treatment facilities is 376 mgd, which is sufficient to meet current demand.

Under an agreement with the Board of Supervisors, FW annually submits a 10-year capital improvement program which is reviewed and approved by the Board of Supervisors as part of the County’s total capital improvement program. FW’s 10-year Capital Improvement Program for FY 2022-2031 includes projects totaling \$962,599,000.

Environmental Initiatives

In July 2019, the County launched its Office of Environmental and Energy Coordination (“OEEC”) to advance environmental and energy priorities. The creation of the OEEC reflects the County’s commitment to environmental and sustainability initiatives. The Sustainability Initiatives Report for Fiscal Year 2020 provides an overview of many of the projects and programs in support of the targets, goals and policies adopted by the Board of Supervisors. Additional information regarding OEEC, including its targets, goals, and policies, can be found at <https://www.fairfaxcounty.gov/environment-energy-coordination/>.

On July 13, 2021, the Board of Supervisors adopted a new greenhouse gas emissions reduction goal through the Carbon Neutral Counties Declaration. Led by Fairfax County, the Carbon Neutral Counties Declaration provides a mechanism for counties across the country to commit to operational emissions reductions. By signing the declaration, Fairfax County pledged to be energy carbon neutral by 2040, work with state and federal counterparts to advance this goal and to ensure it is implemented equitably.

Also on July 13, 2021, the Board of Supervisors adopted an update to the Fairfax County Operational Energy Strategy (“OES”), which includes an overarching goal of carbon neutrality. To significantly reduce the fossil fuel usage and resulting carbon emissions of County government operations, the updated OES sets ambitious goals across eleven focus areas and provides examples of supporting actions that can be taken to help achieve these reductions. All County buildings that begin design after July 13, 2021, will be designed in compliance with the OES. The full OES can be found on the County’s website at:

<https://www.fairfaxcounty.gov/environment-energy-coordination/sites/environment-energy-coordination/files/assets/documents/fairfax-county-operational-energy-strategy-2021.pdf>

In addition, the Board of Supervisors and School Board formed the Joint Environmental Task Force, or JET, with the mission of joining the political and administrative capabilities of the county and the school system to proactively address climate change and environmental sustainability. The JET issued its Final Report in October 2020 with an overarching recommendation of energy carbon neutrality by 2040 and supporting recommendations in the areas of energy, transportation, waste and recycling, and workforce development. In October 2020, the Board of Supervisors accepted the JET’s Final Report and directed staff to begin work on an implementation plan.

Transportation

General

Fairfax County is served by various highway, rail, and air transportation facilities. The Capital Beltway (Interstate Highways 95 and 495), Interstate Highways 395 and 66 and the Dulles Toll Road

provide access to all parts of the Washington metropolitan area and major surface transportation corridors along the eastern seaboard. The Washington Metropolitan Area Transit Authority (“WMATA”) Metrorail system provides area residents with one of the largest and most modern regional transit systems in the world.

Two major airports serve the County with daily national and international service. Washington Dulles International Airport (“Dulles Airport”), located along the County’s western boundary, is also the site of a designated Foreign Trade Zone. Ronald Reagan Washington National Airport, located a few miles east of the County, is accessible by Interstate Highways 66 and 395. In 1987, control of these facilities was transferred by a 50-year lease from the federal government to the Metropolitan Washington Airports Authority (“MWAA”), a public authority created by inter-jurisdictional compact between the Commonwealth and the District of Columbia. In June 2003, the lease was extended to 2067.

Ground transportation receives significant attention from the County, primarily in an effort to relieve traffic congestion along the major arterials leading to Washington, D.C., and also to facilitate cross-County movement, connecting established and developing centers of commerce and industry. Recent efforts have included increased local funding for highway improvements, establishment of transportation improvement districts, creation of County transit systems, continued participation in WMATA, and other improvements which encourage increased use of Metrorail, bus services, and carpooling. The County also participates in a regional commuter rail system to expand transportation services available to County residents. In Virginia, the Commonwealth is generally responsible for highway construction and maintenance. However, highway improvement needs in Fairfax County far exceed the highway revenues available from the Commonwealth.

Since 1993, funding for County transportation projects has been received from Commonwealth bond financing, Federal Highway Reimbursement Anticipation Notes, Commonwealth general funds, fuel tax collections, County bond financing, Northern Virginia Transportation Authority tax collections and other revenue sources. A few of the many projects supported by these funding sources have included the Fairfax County Parkway, the County’s share of capital costs for the WMATA’s Metrorail system, the Dulles Toll Road, and improvements to U.S. Route 1, U.S. Route 29, I-66, I-95, I-495, the Fairfax County Parkway, State Route 7 and State Route 28.

Metro Transit System

Since 1970, Fairfax County and the other major political subdivisions in the Washington, D.C., metropolitan area have contracted with WMATA to finance, construct and operate a 103-mile Metrorail subway and surface rail transit system. Funding for the construction of the Metrorail system has come from direct Congressional appropriations and by direct local contributions. Five Interim Capital Contributions Agreements between WMATA and the participating political jurisdictions were executed to fully fund and complete the original 103-mile adopted regional system. In July 2014, 11.5 miles of the Silver Line extension were completed and began operation. It is anticipated that during CY 2022 an additional 11.6 miles will be added to the system with completion of Phase II of the Silver Line, with new tracks connecting downtown Washington, D.C., to Washington Dulles International Airport and the final terminus in Loudoun County.

WMATA’s Board of Directors periodically adopts a Capital Improvement Plan (“CIP”), which prioritizes and maintains the existing capital plant and rolling stock of the Metrobus and Metrorail systems. The regional counter-parties to WMATA periodically agree to updated funding agreements regarding their portion of capital priorities and infrastructure renewal projects. The County issues bonds as the primary source of the County’s share of WMATA’s CIP.

In 2018, the Virginia General Assembly adopted legislation to provide annual dedicated funding sources to WMATA to address long-term capital needs. Revenue sources previously dedicated to the Northern Virginia Transportation Authority for the Transient Occupancy Tax and Grantor’s Tax, in addition to redirecting two statewide revenue sources (state recordation tax currently used to pay bonds from the Northern Virginia Transportation District Fund and motor vehicle rental tax revenues), have been redirected to WMATA. Also, a price floor on the regional gas tax was established to provide further dedicated funds to WMATA.

The County’s operating assistance to WMATA is funded from the General Fund, gasoline tax receipts, and State aid. Fairfax County’s share of the bus and rail operating subsidies for FY 2013-FY 2022 are shown in the following table:

**Fairfax County WMATA Operating Subsidies
(Millions of Dollars)**

<u>Fiscal Year</u>	<u>Bus Operations^{1,2}</u>	<u>Rail Operations¹</u>	<u>ADA Para-transit¹</u>	<u>Less State Aid³</u>	<u>Less Gas Tax Receipts⁴</u>	<u>Adjustments and Interest Applied</u>	<u>Net General Fund</u>
2013	\$48.829	\$26.209	\$12.424	\$49.734	\$28.568	\$0.056	\$9.104
2014	52.118	34.952	13.351	63.893	23.274	4.119	9.135
2015	53.349	39.271	13.367	69.971	24.501	1.974	9.541
2016	57.820	46.666	13.661	91.867	17.262	0.168	8.850
2017	63.200	42.186	13.262	91.247	15.841	0.701	10.859
2018	63.732	58.237	13.417	106.977	16.631	0.874	10.904
2019	63.106	62.230	14.884	108.403	18.407	1.039	12.371
2020	65.273	70.136	20.803	95.546	18.287	1.292	41.087
2021	59.549	74.167	20.157	73.907	18.000	0.300	61.666
2022	65.490	88.500	23.010	118.942	18.000	5.000	35.058

Sources: Fairfax County Department of Transportation and Department of Management and Budget

¹ The amounts shown for operating subsidies represent actual disbursements in those years. Adjustments based on final WMATA annual audited figures are incorporated in the fiscal year in which the credit for an overpayment was applied or a debited amount was paid rather than the fiscal year in which the credit or debit was earned. Fiscal Years 2013-2020 are actual amounts, and FY 2021 and FY 2022 are estimates.

² Includes other service enhancements.

³ Virginia law permits the use of State aid for transportation to fund transit program operating costs in addition to transit program capital costs.

⁴ A 2% retail gasoline tax is dedicated to mass transit costs in those Northern Virginia jurisdictions covered by the Northern Virginia Transportation Commission (“NVTC”). The receipts from this tax are paid to NVTC, which then allocates these funds to participating jurisdictions for payment of transit operating, capital and debt service costs.

Tax Districts

Transportation improvement districts provide another source of funding for transportation improvements in the County. The County, together with Loudoun County, a neighboring jurisdiction, formed the Route 28 Highway Transportation Improvement District (the “Route 28 District”) in 1987 to accelerate highway improvements proposed by the Commonwealth to State Route 28. State Route 28 runs approximately parallel to the County’s western border and connects State Route 7 in eastern Loudoun County to U.S. Route 50 and Interstate Highway 66 in western Fairfax County. The initial improvements, which consisted of expanding State Route 28 from two to six lanes, with additional turning lanes, are now complete. State Route 28 provides access to Washington Dulles International Airport, as do the Dulles Access Road and the Dulles Toll Road, both of which connect the Capital Beltway to Dulles Airport. Such improvements were financed from proceeds of a special improvements

tax (the “Route 28 Special Improvements Tax”) collected from owners of real property zoned for commercial and industrial use in the Route 28 District and bonds issued by the Fairfax County Economic Development Authority (the “EDA”) secured by the Route 28 Special Improvements Tax collections.

In 2001, the Virginia General Assembly enacted legislation permitting the creation of one or more special transportation taxing districts located between the West Falls Church Metrorail station and the Dulles Airport area to provide a means of financing an extension of rail service in the Dulles Corridor. The structure of any such district is modeled after the existing Route 28 District. In February 2004, pursuant to a petition submitted by landowners representing a majority of the assessed value of property zoned for commercial or industrial use in the Tysons and Reston commercial districts, the Board of Supervisors formed the Phase I Dulles Rail Transportation Improvement District (the “Phase I District”) to provide funds to support the County’s share of Phase I of a proposed expansion of the Metrorail system to Dulles Airport and beyond (“Phase I”). Funds for financing the County’s \$400 million share of the Phase I expansion of the Metrorail system are provided from a real estate tax levy on all property zoned for commercial and industrial use in the Phase I District (the “Phase I Special Improvements Tax”). In December 2013, the County provided to MWAA its required \$400 million share for the Phase I Project from the proceeds of the Phase I Special Improvements Tax and from bonds issued by the EDA secured by the Phase I Special Improvements Tax collections. Metrorail service for Phase I began in July 2014.

Phase II of the Silver Line expansion of the Metrorail system (“Phase II”) will complete the 23-mile line to Dulles Airport and beyond into Loudoun County. In October 2009, the County received a valid petition to form another special tax district comprised of the Reston-Herndon-Dulles commercial districts to provide \$330 million toward the County’s portion of the Phase II financing. The Phase II tax district was approved by the Herndon Town Council on November 11, 2009, and by the Fairfax County Board of Supervisors on December 7, 2009. On May 9, 2014, the United States Department of Transportation (“USDOT”) approved an application of the County to receive loans in the aggregate principal amount of up to \$403,274,894 plus capitalized interest to fund County obligated Phase II project costs (the “TIFIA Loan”). The TIFIA Loan closed on December 17, 2014. As of June 30, 2021, the outstanding balance on the TIFIA Loan, including accrued interest, was \$447,480,044.

County Transit Systems

Within the County, the Fairfax Connector System provides feeder bus service to Metrorail Stations. The Fairfax Connector operates 84 routes to 13 Metrorail Stations, which include the Dunn Loring, Crystal City, Franconia-Springfield, Huntington, McLean, Pentagon, Pentagon City, Spring Hill, Tysons Corner, Van Dorn Street, Vienna, West Falls Church, and Wiehle-Reston East stations. Private contractors operate and maintain the service and have the responsibility to employ and supervise all transit personnel, while the Board of Supervisors maintains control and approves all policies for bus service such as routes and service levels, fare structures, and funding assistance. The Fairfax Connector System is supported from General Fund and fare box revenues. FY 2021 actual results also include support of \$7.6 million from State aid. The Fairfax Connector carried approximately 6.8 million passengers in FY 2020. FY 2021 ridership is projected to be approximately 7.1 million, and FY 2022 ridership is anticipated to be approximately 7.1 million. Fairfax Connector System expenditures totaled approximately \$101.3 million in FY 2021, and are projected to be \$140.3 million in FY 2022, including capital expenditures. The County runs three permanent maintenance and garage facilities for the Fairfax Connector System, with bus operations management provided by a third-party contractor.

Commuter Rail

Fairfax County is a member of the Northern Virginia Transportation Commission and, in cooperation with the Potomac and Rappahannock Transportation Commission, is a participating

jurisdiction in the operation of the Virginia Railway Express (“VRE”) commuter rail service. As of July 2021, the service consisted of eight peak period trips from south of the County in Spotsylvania County to north of the County in the District of Columbia and six peak trips that run from west of the County in the City of Manassas to north of the County in the District of Columbia. Under a Master Agreement among VRE’s participating jurisdictions, the County is to contribute to capital, operating, and debt service costs of the VRE on a pro rata basis according to its share of ridership. The County’s share of the FY 2022 commuter rail operating and capital budget is \$6.4 million.

Parks, Recreation and Libraries

Fairfax County provides a variety of recreational, educational, and cultural activities and services. In FY 2020, the Fairfax County Public Library system (the “Library System”) made more than 8.9 million loans and recorded more than 3.1 million visits to its 23 branches, and reported more than 2.3 million user visits to its web site, reduced as a result of the COVID-19 pandemic from the prior fiscal year’s 10.9 million loans, 4.5 million visits and 3.0 million user visits to its web site. The Library System offers free events and activities, including puppet shows for toddlers, story time for school-aged children, book discussion groups for teens, author visits for adults, and English conversation classes for English for Speakers of other Languages customers (or new arrivals). The Library System also makes library services available and accessible to people who have disabilities or are homebound.

The Department of Neighborhood and Community Services provides a variety of recreational, community, and human services for County residents. These services include senior adult programs and centers, therapeutic recreation services for individuals with disabilities, a variety of youth programs including recreational activities at youth centers, community-based recreational opportunities, support for Fairfax County’s various volunteer sports councils and leagues, and a variety of volunteer opportunities.

Fairfax County also operates an extensive park system that provides a variety of recreational activities and facilities. Under the direction of a 12-member Park Authority Board appointed by the Board of Supervisors, the Fairfax County Park Authority (“FCPA”) works with constituents, government leaders and appointees to implement Park Authority Board policies, preserve and protect natural and cultural resources, and facilitate the development of park and recreation programs and facilities. FCPA oversees operation and management of a 23,607-acre County park system with 427 parks, nine recreation centers, eight golf courses, an ice skating rink, 209 playgrounds, 668 public garden plots, five nature centers, three equestrian facilities, 452 FCPS athletic fields, 43 synthetic turf fields, 263 Park Authority-owned athletic fields, 82 historic sites, two waterparks, a horticultural center, and more than 334 miles of trails. In FY 2020, FCPA welcomed almost 19.5 million visitors to parks, groomed fields for more than 200 youth and adult sports organizations, improved its trail system, and worked to control non-native invasive plants, promote native species and preserve woodlands and green open spaces.

FCPA charges fees for the use of certain park facilities including the recreation and fitness centers, classes, camps, programs and golf courses, which are operated on a cost recovery basis, and represent approximately 65% of FCPA’s funding. The remaining operating funds are appropriated by the Board of Supervisors from the County’s combined general fund, providing the main operating funds for natural and cultural preservation and protection, administrative tasks, general access parks, planning and development, and park maintenance and operations. User fees do not cover the cost of new development of facilities, land acquisition, or the major renovation of existing facilities. These improvements are funded primarily through revenue bonds and general obligation bonds. General obligation bonds are primarily used for the renovation of existing facilities.

The Northern Virginia Regional Park Authority (“NVRPA”), an independent entity in which the County participates, operates 31 parks covering approximately 12,000 acres throughout Northern Virginia

including the County. NVRPA is continually in the process of completing, acquiring, developing, or expanding its regional park facilities.

Community Development

The Fairfax County Redevelopment and Housing Authority (“FCRHA”) was established in 1966 to meet low and moderate income family housing needs. It owns or administers housing developments in Fairfax County with staff and funding provided from County, federal, Commonwealth, and private sources. As of June 2021, the FCRHA owns or operates 94 properties, which are comprised of over 3,800 apartments, townhouses, senior retirement homes, assisted living facilities, and specialized housing units. The FCRHA also owns other specialized housing such as mobile home pads and beds in group homes. The FCRHA also administers 5,199 federal Housing Choice Vouchers and Rental Assistance Demonstration-Project Based Vouchers. In addition, effective July 1, 2021, the U.S. Department of Housing and Urban Development (“HUD”) awarded the FCRHA 169 Emergency Housing Vouchers as part of the American Rescue Plan of 2021. In FY 2021, more than 17,000 people were served through the FCRHA’s major affordable housing programs: the Housing Choice Voucher (HCV) and the Rental Assistance Demonstration-Project-Based Voucher (RAD-PBV) assistance programs and the Fairfax County Rental Program (FCRP). In FY 2021, the average income of households served in these programs plus the local Bridging Affordability tenant subsidy program was approximately \$22,725, or 22% of Area Median Income for a family of two (the average size of the households served). This meets HUD’s definition of “extremely low income.”

The FCRHA has provided various financing resources to developers to help create or preserve privately owned multifamily developments. The FCRHA has issued fixed-rate bonds for 45 multifamily financings totaling approximately \$680 million. The Board of Supervisors adopted the Countywide and Tysons Workforce Dwelling Unit Administrative Policy Guidelines (the “WDU Policies”) in 2007 and 2010, respectively. In February 2021, the Board of Supervisors approved an amendment to the WDU Policies to lower the eligibility threshold of the committed rental units from the previous limit of 120 percent of the Area Median Income (“AMI”) to households earning between 60 and 80 percent of AMI.

The WDU Policies were designed to encourage the development of rental and for-sale units affordable to households with a wide range of income throughout the County. The WDU Policies provide a proffer-based incentive system that encourages the voluntary development of WDUs in the County’s high-density areas in exchange for a “density bonus” in these areas consistent with its Comprehensive Plan. The current WDU Policies create between 8 to 20 percent of total new units as WDUs for households earning up to 120 percent of the Area Median Income and allow a maximum density bonus of up to 20 percent. As of October 1, 2021, the WDU Policies have produced approximately 1,773 WDUs (1,747 rental and 26 for-sale).

In 2019, the Board established a WDU Policy Task Force to evaluate the WDU Policies to ensure the WDUs provided would enable housing affordability in the County. The WDU Policy Task Force presented its policy recommendations to the Board in June 2020. In July 2020, the Board authorized consideration of a Comprehensive Plan Amendment based on the WDU Policy Task Force’s policy recommendations. The Board approved the Comprehensive Plan Amendment on February 23, 2021.

Other County services include efforts to increase local employment opportunities by encouraging and retaining business and industrial development through the County’s EDA. On July 1, 2007, the County established an Office of Community Revitalization and Reinvestment (“OCR”). The mission of the OCR is to facilitate strategic redevelopment and investments within targeted commercial areas of the County that align with the community vision, and improve the economic viability, appearance and function of those areas. Among other initiatives, the OCR is charged with working with property owners

and the community to facilitate interest and participation in commercial development activities, and to develop public/private partnerships that further the County's revitalization, redevelopment, and reinvestment efforts. As part of the FY 2020 Adopted Budget Plan, OCR and the Department of Planning and Zoning were merged into the newly created Department of Planning and Development.

Health and Welfare

The County provides services designed to protect, promote, and improve the health and welfare of Fairfax County citizens through a decentralized human services program. Based on individual needs, County human service centers define a comprehensive assistance plan that utilizes the services provided by all County departments. The County operates human service centers in locations convenient to residents to provide financial, medical, vocational, and social services. The Fairfax-Falls Church Community Services Board ("CSB") is responsible for planning, organizing, and providing services to individuals who have a mental illness, intellectual disability, or a substance use disorder. The CSB provides state mandated services to assist, improve, and maximize the potential of individuals affected by these conditions and strengthen their capacity for living self-determined, productive, and valued lives. The CSB is part of the Fairfax County Human Services System providing its services at many sites throughout the County, including seven community mental health centers, several outpatient sites, a detoxification center, group homes, consumer-operated drop-in centers, and several specialized residential treatment sites.

The County also provides subsidized day care programs for older adults and children of low-income families, two special needs centers that serve emotionally disturbed or physically challenged children, and group homes for youth with serious emotional disturbances. Residential treatment services are also offered in the areas of substance abuse as well as substance abuse outpatient and specialized day treatment programs. Vocational and residential programs are also available for adults with intellectual disabilities and serious mental illness.

Financial assistance and social services are available to eligible residents. For low-income families and individuals, the Department of Family Services ("DFS") administers federal, Commonwealth, and local programs, such as public assistance, employment and training, and subsidized child care, as well as programs targeted to at-risk children, such as child abuse prevention, Child Protective Services, Foster Care and Adoption, and services purchased under the Comprehensive Services Act. For older adults, DFS also administers programs that include federal funds granted to localities, Commonwealth funds and additional support from the County. The federal and state governments partially reimburse DFS for the cost of administering the programs based on an annual allocation to the County as well as program costs. DFS operates the County's School-Age Child Care ("SACC") program in 139 centers located in 136 Fairfax County public schools, one FCPS community building, one County recreation center, and one County community center. Approximately 11,000 children participate in before-and-after-school SACC programs during the school year and in full-day programs in the summer and during school vacations. Since FY 1986, the County has provided a comprehensive County transportation service, Fastran, for qualified elderly, disabled, and low-income persons. Transportation is provided by bus, van, or cab on a door-to-door basis to County programs, medical care, grocery stores, and other destinations.

COVID-19 Matters

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to a large number of other countries, including the United States, and to the Commonwealth and was declared a pandemic by the World Health Organization on March 11, 2020. The COVID-19 (Coronavirus) pandemic quickly and significantly changed the

economic outlook across the country and the world, including within the County. On March 12, 2020, the Governor declared a state of emergency in the Commonwealth. Following such declaration, the Governor imposed a range of restrictions designed to mitigate the spread of COVID-19, including physical distancing, teleworking and universal mask-wearing requirements. In the spring of 2021, the Governor lifted many of the restrictions previously imposed. As of June 30, 2021, the state of emergency expired.

Throughout the pandemic, the County carefully and conservatively managed its financial position using multiple strategies. For example, in Spring 2020, County agencies were requested to defer all non-critical expenditures for the remainder of FY 2020 and all revenue categories were closely monitored. Additional budget reviews with the Board of Supervisors Budget Committee were added to the calendar to implement and enact changes, as needed, and to appropriate the funds received from federal stimulus acts. Additionally, the County identified savings that were set aside in a new General Fund Pandemic Reserve.

Fairfax County Public Schools (“FCPS”) provided primarily virtual learning from March 2020 through January 2021. FCPS successfully completed a month-long hybrid return of students and staff to FCPS buildings between February 16, 2021, and March 16, 2021. FCPS also participated in the winter sports season, and several high schools have phased in student activities for the remainder of the school year. FCPS returned to five days a week of in-person learning in Fall 2021.

The County and its services remained open and available throughout the pandemic. In providing these services, the County continues to follow public health guidance such as requiring face masks inside all County facilities. On September 3, 2021, the County provided notification that it will require all employees to be fully vaccinated or submit to weekly testing as a condition of employment by October 11, 2021. Employees who have already been vaccinated were to submit verification by September 24, 2021. All unvaccinated employees, with or without a religious or medical exemption, will be required to submit to weekly testing. Test kits will be distributed to unvaccinated employees through multiple sites throughout the County. The tests will be self-administered and collected on a scheduled basis from assigned distribution sites. Testing costs will be paid by the County.

The financial and operating data contained in this Official Statement are as of the dates and for the periods indicated, a portion of which were prior to the outbreak of the COVID-19 pandemic. Such financial and operating data have not been updated to reflect any potential impacts of the COVID-19 pandemic on the County’s general economic and financial condition.

County Stimulus Funding

As of November, 2021, the County has received, or is anticipated to receive \$675.2 million of stimulus funds to support the County’s response to the COVID-19 pandemic, which includes \$200.2 million from the CARES Fund, \$35.8 million anticipated as a result of approved Federal Emergency Management Agency (“FEMA”) reimbursements, \$216.3 million in grants and other awards, and \$222.9 million anticipated through the American Rescue Plan Act (“ARPA”), which was signed into law on March 11, 2021. In addition, Fairfax County Public Schools has been awarded or anticipates funding of \$326.5 million as described below.

Per the federal Consolidated Appropriations Act of 2021 enacted on December 27, 2020, the deadline for the use of Coronavirus Relief Fund money was extended from December 30, 2020, to December 31, 2021. As of November, 2021, \$197 million of the County’s \$200.2 million has been encumbered or expended to the following areas: Relief Initiative to Support Employers (RISE) Grant program to small businesses and non-profits, the County’s public health response and contact tracing program, support for County residents requiring assistance for basic needs, medical isolation program for

vulnerable residents, support for County small businesses and non-profits, costs related to personal protective equipment and enhanced sanitation practices, expenses related to expanded telework options for County employees, and support for the towns of Herndon, Vienna, and Clifton.

The County has submitted and has been approved for reimbursements totaling \$35.8 million through FEMA. County expenses incurred were for personal protective equipment, disinfectant, non-congregate sheltering, and cleaning supplies.

The County has also been awarded \$216.3 million in grants and other awards, for the County and for the Fairfax County Public Schools, to support pandemic response efforts. Notable funding allocations were provided to the following areas. The County also received notification from WMATA of \$26 million in funding from the Federal Transit Administration (FTA) through the CARES act to support the County's Connector bus transit system. The Virginia Department of Health has provided the County approximately \$40 million to support the County's contact tracing program, COVID-19 testing, support for community health workers, and the hiring of additional County epidemiologists. The County also received notification that it has been awarded \$70 million in Emergency Rental Assistance to aid households unable to pay rent and utilities due to COVID-19. The \$80.3 million balance of funding covers a number of County areas including support for low-income housing, utility payment relief, public safety personnel, and workforce development.

Additionally, the County is projected to receive \$222.9 million in additional direct federal assistance through ARPA. On June 8, 2021, the Board of Supervisors approved the \$111.5 million appropriation of the first tranche of funding received through the ARPA Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). The second tranche is expected no earlier than twelve months following the first payment. Allowable uses of ARPA funds include the response efforts and revenue losses incurred as a result of COVID-19. The County has developed an initial spending plan which includes expenses relating to public health response, small business assistance, workforce development, and affordable housing investments. The deadline to spend these funds is December 31, 2024, and cannot be used to offset revenue losses resulting from tax rate reductions or to make pension plan payments.

The Fairfax County Public Schools has been awarded or anticipates funding of \$326.5 million. This includes \$294.3 million in Elementary and Secondary School Emergency Relief (ESSER) Funds from the United States Department of Education and \$32.2 million from the Governor's allocation of federal CARES money to assist public schools in Virginia.

County staff continue to provide periodic stimulus funding reports to the Board of Supervisors, and abide by all federal reporting requirements.

Judicial Administration

Fairfax County's court system is one of the most sophisticated systems in Virginia in its use of advanced case management techniques and rehabilitation programs. The County uses automated systems to support case docketing and record retrieval, electronic filing and imaging in the land recordation process, juror selection, service of notices and subpoenas, and the processing of criminal and traffic warrants and collecting delinquent tax obligations.

The County has undertaken rehabilitation efforts through the Juvenile and Domestic Relations District Court and the Office of the Sheriff. These efforts include work training programs and counseling services for both adult and juvenile offenders. Additionally, residential treatment services are provided for juvenile offenders, and a work release program is provided for offenders confined in the County's Adult Detention Center.

Public Safety

A number of agencies share responsibility for public safety in Fairfax County. The Police Department, which is responsible for law enforcement, has an authorized strength of 1,517 police officers and 322 civilian personnel, with 10 positions supported by grant funding, effective July 1, 2021. The Police Department is accredited by the Virginia Law Enforcement Professional Standards Commission, which signifies the Police Department's compliance with standards that are specific to Virginia law enforcement operations and administration. The commanders of the eight police district stations located throughout the County have considerable latitude to tailor their operations to provide police services in ways most responsive to the needs of their respective communities, including community policing endeavors. The department has specialized units that operate as both standing (staffed full time) and non-standing units (staffed as needed), including the Helicopter Division, which operates two helicopters to provide support to general police operations, traffic monitoring, emergency medical evacuation, and rescue support; the Criminal Intelligence Unit, which provides an effective response to organized criminal activity including terrorist-related, gang, and bias crimes; the Gang Unit, which provides regional leadership directed at combating gang crime through prevention and enforcement initiatives; and the Language Skills Support Unit, which serves to bridge the gap in the diverse cultures in the community by providing language support for the successful resolution of major criminal investigations.

Over the past 10 years, the County has maintained one of the lowest rates of serious crimes among jurisdictions in the Washington metropolitan area and among comparable suburban jurisdictions throughout the United States. Additionally, the Police Department has continually attained a clearance rate for violent crimes such as murder, rape, and robbery far above the national averages for such offenses. At the same time, Fairfax County has maintained one of the lowest per capita costs for police services of all the local jurisdictions in the Washington metropolitan area.

Fire and rescue services are provided by 1,426 paid uniformed personnel, 186 paid civilian support personnel, and approximately 300 operational volunteers as of July 1, 2021. The County operates 38 fire and rescue stations. The department operates various specialty units, including paramedic engine companies, a hazardous materials response unit, a technical rescue operations team, an arson canine unit, and a water rescue team whose members are certified in swift water rescue. The department also supports regional, national, and international emergency response operations through maintaining and supporting the Urban Search and Rescue Team ("US&R"). US&R operates under the auspices of the Department of Homeland Security for domestic responses and is sponsored by the United States Agency for International Development/Office of Foreign Disaster Assistance for international deployments. In addition to emergency response, the department provides various non-emergency services.

In May 2004, the Office of Emergency Management was established as a separate agency serving as the County's focal point for emergency preparedness and internal and external coordination to respond to natural, technological, and terrorist-related emergencies. Employees provided emergency management services for Fairfax County, including the Towns of Clifton, Herndon and Vienna. The major areas of focus include emergency management planning and policy, the County-wide emergency training and exercise program, public preparedness and education, and enhancement of response and recovery capabilities.

ECONOMIC FACTORS

Economic Development

Economic development activities of the County are carried out through the Fairfax County Economic Development Authority ("EDA"), whose seven commissioners are appointed by the Board of

Supervisors. EDA promotes Fairfax County as a premier location for business start-up, relocation and expansion, and capital investment. It works with new and existing businesses to help identify their facility and site needs and assists in resolving County-related issues and provide other business assistance. Pursuant to its enabling legislation, EDA encourages investment in the County with tax-exempt conduit revenue bond financing.

The total inventory of office space in the County was estimated at over 119.0 million square feet as of year-end 2020. At that time, construction activity totaled approximately 2.7 million square feet. The direct vacancy rate for the office market was 14.6 percent as of year-end 2020. Including sublet space, the office vacancy rate was 15.5 percent.

The base of technology-oriented companies, particularly in computer software development, computer systems integration, telecommunications, and Internet-related services, has served as a magnet for the expansion and attraction of business and professional services. Government contractors, as well as diversified business and financial services, have added to the demand for prime office space in a number of key employment centers throughout the County.

Federal civilian employment in the County makes up 4.1 percent of the total jobs in the County. Federal employment declined slightly in 2020. Due to the COVID pandemic, overall employment declined 4.9 percent in 2020 after increasing 1.6 percent in 2019 and 1.8 percent in 2018. For 2020, employment in the County decreased by 30,587. Employment losses were high in the Leisure and hospitality sector, while employment decreased by just 0.5 percent in the Professional and business services sector. County General Fund Revenue decreased 1.3 percent in FY 2021 primarily because the amount of pandemic-related revenue received from the federal government declined in FY 2021 compared to FY 2020. Absent this pandemic-related revenue, actual FY 2021 revenue increased by 0.7 percent over FY 2020. Real estate tax receipts rose 3.7 percent while current personal property tax receipts decreased 1.3 percent. Current business professional and occupational license (“BPOL”) tax revenue decreased 1.5 percent. The combined consultant and business license categories, which represent almost 45 percent of total BPOL receipts and include federal contractors, increased 4.3 percent over the FY 2020 level. The remaining categories fell a combined 8.5 percent. Sales tax receipts rose 2.8 percent over the FY 2020 level.

There are over 120 hotels in the County, totaling over 19,700 hotel rooms. Hotel development parallels commercial construction in terms of diversity of concept and design with a variety of product and service mixes (all-suites, business meeting facilities, and leisure facilities) in the marketplace.

Improvements to the County’s transportation system, including increased service levels at Washington Dulles International Airport, helped increase corporate activities dependent on immediate access to travel throughout the region, country, and world. The Metrorail service extension (the Silver Line) from the East Falls Church station, through Tysons through Dulles Airport, to Route 772 in Loudoun County will continue to help foster economic growth.

The Board of Supervisors and the County actively support revitalization and redevelopment throughout the County, particularly in its more mature business areas. Many enhancements have been made to the residential and commercial neighborhoods in Annandale, Bailey Crossroads/Seven Corners, the Lake Anne section of Reston, the Springfield and McLean central business districts, Merrifield, and the Richmond Highway corridor in the southeastern portion of the County. A number of capital improvement projects and other construction in process or already completed have improved the appearance and quality of life of these communities.

The most notable area of redevelopment in the County, Tysons – Fairfax County’s “downtown” – is undergoing a transformative land-use replanning effort. Spurred by the Metrorail expansion project, the County is working to set the stage for Tysons’s evolution into a more urban-scale, pedestrian-friendly environment, with more housing, recreation and open space in addition to more-dense office and retail development. Tysons currently has over 38.5 million square feet of office, retail, and other commercial space and is behind only downtown Washington’s Central Business District and the East End submarkets in the entire Washington D.C. metropolitan area in total office inventory, and has 15.1 million square feet of residential space. Now that Phase I of the Metrorail expansion has been completed, it is expected that Tysons will continue to have significant growth in population, employment and commercial, retail and residential space over the next several decades. County staff, in cooperation with private participants, created a 501(c)(6) membership organization known as the Tysons Partnership in January 2011. The Tysons Partnership provides a comprehensive approach to tasks that include marketing and branding, transportation, urban design/planning, public facilities and community amenities and finance. On January 8, 2013, the Board of Supervisors established, by ordinance, the Tysons Transportation Service District No. 1 (the “Tysons Service District”) to provide transportation infrastructure and transit services within Tysons. As the governing board of the Tysons Service District, the Board of Supervisors is empowered to levy and collect a tax on any property within Tysons Service District’s boundaries to finance the transportation infrastructure and transit services projects. The tax rate of \$0.04 per \$100 of assessed value was adopted by the Board of Supervisors as part of the FY 2014 Adopted Budget Plan, and this rate remained unchanged as part of the FY 2015 Adopted Budget. However, in the FY 2016 Adopted Budget Plan, the tax rate increased one cent from \$0.04 to \$0.05 per \$100 of assessed value. The tax rate has remained unchanged at \$0.05 per \$100 of assessed value from FY 2017 through the FY 2022 Adopted Budget Plan.

Employment

As of the first quarter of 2021, there were more than 37,000 payroll business establishments (units) including global, corporate and regional headquarters, technology firms, sales and marketing offices, and business services located in Fairfax County, employing over 592,000. Local businesses create employment in diversified areas like computer software development and systems integration, technical services, management consulting, government contracting, Internet-related services, wholesale and retail trade, and financial services.

The following table presents data on the average number of payroll establishments and employment by major industry classification in Fairfax County as of the first quarter of 2021.

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**Businesses and Employment by Industry
Fairfax County, Virginia¹**

<u>Industrial Classification</u>	<u>Number of Establishments</u>	<u>Average Payroll Employment for Quarter</u>
Agriculture, Forestry, Fishing and Hunting	17	52
Mining, quarrying, and oil and gas extraction	11	73
Utilities	24	1,275
Construction	2,312	23,154
Manufacturing	447	4,920
Wholesale Trade	1,057	13,571
Retail Trade	2,578	48,306
Transportation and Warehousing	388	12,838
Information	918	21,178
Finance and Insurance	1,675	27,793
Real Estate and Rental and Leasing	1,696	9,339
Professional and Technical Services ²	10,127	158,528
Management of Companies and Enterprises	359	20,761
Administrative and Waste Services	1,938	42,025
Educational Services	715	10,139
Health Care and Social Assistance	4,171	58,831
Arts, Entertainment, and Recreation	415	4,794
Accommodation and Food Services	2,227	33,036
Other Services except Public Administration	5,253	17,697
Unclassified	975	1,908
Federal Government, all industries	139	26,543
State Government, all industries	28	9,000
Local Government, all industries	<u>70</u>	<u>47,058</u>
Total	37,540	592,819

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, Fairfax County, first quarter of 2021

¹ Excludes self-employed business owners.

² The Professional and Technical Services category includes professional and technical services, health care and social assistance, management services, educational services, accommodation and food services, arts, entertainment and recreation, administrative and waste services, and membership organizations and trade associations.

The following is a list of the 40 largest private, base sector (non-retail) employers as of January 2022. Companies are alphabetized in their size category.

Largest Private Employers in Fairfax County

5,000-10,000+ Employees

<u>Company Name</u>	<u>Type of Business</u>
Amazon	Professional, Scientific and Technical Services
Booz Allen Hamilton*	Professional, Scientific and Technical Services
Capital One*	Financial Services
Freddie Mac*	Financial Services
General Dynamics*	Professional, Scientific and Technical Services
Inova Health System*	Health Care
SAIC*	Professional, Scientific and Technical Services

1,000-4,999 Employees

Company Name	Type of Business
Accenture	Professional, Scientific and Technical Services
Alarm.com	Professional, Scientific and Technical Services
Appian	Professional, Scientific and Technical Services
AT&T	Information
BAE Systems	Professional, Scientific and Technical Services
Bechtel	Professional, Scientific and Technical Services
Boeing Company	Professional, Scientific and Technical Services
CACI	Professional, Scientific and Technical Services
Carahsoft*	Professional, Scientific and Technical Services
Catholic Diocese of Arlington	Other Services
CGI Federal	Professional, Scientific and Technical Services
Deloitte	Professional, Scientific and Technical Services
Ernst & Young	Financial Services
Fannie Mae	Financial Services
HCA Virginia	Health Care
IBM	Professional, Scientific and Technical Services
ICF International	Professional, Scientific and Technical Services
ID.me	Professional, Scientific and Technical Services
Kaiser Permanente	Health Care
KPMG	Professional, Scientific and Technical Services
Leidos*	Professional, Scientific and Technical Services
ManTech International*	Professional, Scientific and Technical Services
Microsoft	Professional, Scientific and Technical Services
MicroStrategy*	Professional, Scientific and Technical Services
The MITRE Corporation*	Professional, Scientific and Technical Services
Navy Federal Credit Union*	Financial Services
Northrop Grumman*	Professional, Scientific and Technical Services
Oracle	Professional, Scientific and Technical Services
Peraton	Professional, Scientific and Technical Services
Quest Diagnostics	Health Care
Sunrise Senior Living*	Health Care
United Parcel Service	Transportation
Volkswagen	Wholesale Trade

Source: Fairfax County Economic Development Authority, List of 40 Largest Employers January 2022. Excludes public-sector and retail entities. Employment figures are for company facilities in Fairfax County only. Additionally, these numbers include employees, not independent contractors. Type of Business description for each firm is based on two-digit North American Industry Classification System (NAICS) codes. Companies may have business activities in other two-digit NAICS sectors.

*Company with headquarters in Fairfax County.

A list of the top ten new or expanded office projects within the County announced in the third quarter of 2021 is shown below:

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New or Expanded Commercial Projects

<u>Name of Company</u>	<u>Type of Business</u>	<u>Projected New/Additional Employment</u>
NetImpact Strategies	Information technology	62
Intrepid Solutions and Services	Information technology	20
Datastrong	Information technology	19
Global Guardian	Security	19
IT Concepts	Information technology	19
Siege Technologies	Cybersecurity	18
TechnoMile	Information technology	18
Cloudpermit (Finland)	Information technology	10
ESB Advertising	Marketing/PR	7
Settle Down Easy Brewery	Hospitality/Manufacturing	7

Source: Fairfax County Economic Development Authority

Unemployment in the County has historically been, and continues to be, well below the national average, even in challenging economic times. The following table shows the average annual unemployment rate in Fairfax County as compared to Virginia and national averages over the past decade.

Average Annual Unemployment Rates

<u>Calendar Year</u>	<u>Fairfax County</u>	<u>Virginia</u>	<u>United States</u>
2012	4.5%	6.0%	8.1%
2013	4.4	5.7	7.4
2014	4.2	5.2	6.2
2015	3.6	4.4	5.3
2016	3.2	4.0	4.9
2017	3.0	3.8	4.4
2018	2.4	3.0	3.9
2019	2.3	2.8	3.7
2020	5.8	6.2	8.1
2021 ¹	4.2	4.7	6.1

Sources: U.S. Bureau of Labor Statistics; data are not seasonally adjusted. Virginia Employment Commission

¹ The calendar year 2021 data represents the average unemployment rate from January 1, 2021, to July 31, 2021.

According to the Bureau of Labor Statistics, the average total number of jobs in the County was 604,959 in the second quarter of 2021. Self-employed persons are not included in these counts. The following table presents total covered employment in recent years:

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Covered Employment¹

<u>Second Quarter</u>	<u>Covered Employment in Fairfax County</u>	<u>% Change</u>
2012	597,533	-
2013	595,638	(0.32%)
2014	588,507	(1.20)
2015	596,878	1.42
2016	603,348	1.08
2017	610,318	1.16
2018	619,796	1.55
2019	630,536	1.73
2020	576,733	(8.53)
2021	604,959	4.89

Source: U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment Wages

¹ Covered employment means employees covered by state and federal unemployment laws.

Construction Activity

The following table includes data for residential and commercial construction activity in the County:

<u>Fiscal Year</u>	<u>Building Permits</u>				<u>Estimated Housing Units Started</u>
	<u>Residential Properties</u>		<u>Industrial and Commercial Properties</u>		<u>Number</u>
	<u>Number¹</u>	<u>Estimated Value (000s)</u>	<u>Number¹</u>	<u>Estimated Value (000s)</u>	
2012	9,454	538,307	4,308	602,444	3,023
2013	10,610	509,957	3,907	710,488	1,930
2014	10,469	895,638	5,054	660,063	4,154
2015	10,320	529,104	4,714	475,241	2,580
2016	10,268	616,151	4,844	496,006	2,961
2017	10,885	800,375	4,609	710,078	3,872
2018	11,243	659,928	4,836	743,057	3,982
2019	11,360	875,437	4,650	597,232	2,855
2020	9,005	959,102	6,711	820,010	3,657
2021	13,424	1,467,800	3,359	627,943	5,587

Sources: Building permits provided by Fairfax County Land Development Services, and estimated housing units started provided by the Weldon Cooper Center for Public Service, University of Virginia.

¹ Includes new and alteration/repair permits issued. Does not include trade permits issued.

Housing

As reported in January 2021, single-family detached housing units represented 46.3% of the total housing units within Fairfax County in 2020. Single-family attached housing accounted for 24.0%, and multi-family housing made up the remaining 29.7% in 2020. The median market value of all owned housing units, including condominiums, in Fairfax County in 2020 was estimated by the Department of Management and Budget to be \$553,970.

Housing Units by Type of Structure

	<u>1990</u>		<u>2000</u>		<u>2010</u>		<u>2020</u>	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
Single-Family:								
Detached ¹	163,029	53.9	181,591	50.6	191,873	48.4	196,238	46.3
Attached ²	67,306	22.3	87,171	24.3	98,972	25.0	101,893	24.0
Multi-Family ³	<u>72,129</u>	<u>23.8</u>	<u>90,198</u>	<u>25.1</u>	<u>105,541</u>	<u>26.6</u>	<u>125,956</u>	<u>29.7</u>
Total	<u>302,464</u>	<u>100.0</u>	<u>358,960</u>	<u>100.0</u>	<u>396,386</u>	<u>100.0</u>	<u>424,087</u>	<u>100.0</u>

Sources: U.S. Bureau of the Census, U.S. Census of Housing (1990-2000) and 2010 and 2020 data from Fairfax County Department of Management and Budget

¹ Single-Family detached includes all single-family homes and mobile homes.

² Single-Family attached includes duplexes, townhouses, and multiplex units.

³ Multi-Family includes condominiums, apartments and other units in structures with a common entryway.

The average sale price of housing units within the County comparing August 2020, with August 2021, is listed below:

Average Sale Price Housing Units

<u>Type of Structure</u>	<u>August 2021</u>	<u>August 2020</u>	<u>% change</u>
All Homes	\$695,363	\$651,539	6.7%
Detached Homes	948,124	874,401	8.4
Attached Homes	464,275	439,885	5.5

Source: Fairfax County Department of Management and Budget Economic Indicators – September 2021

Colleges and Universities

Sixteen institutions of higher education are located in Fairfax County: George Mason University, ITT Technical Institute, Marymount University, Missouri State University (Department of Defense Studies), Northern Virginia Community College, Potomac College, Stratford University, Strayer University, University of Fairfax, University of North America, University of Phoenix, University of Virginia-Northern Virginia Center, Virginia International University, Virginia Polytechnic Institute, Washington Bible College – Capital Bible Seminary, and Westwood College. Two campuses of the University of Virginia (both Virginia Tech and the Falls Church campus) are located in the Northern Virginia Graduate Center in the County. George Mason University, with an enrollment of more than 33,000 students, offers over 200 degree and certificate programs. The Northern Virginia Community College serves more than 76,000 students in credit courses and non-credit workforce and professional development programs at six campuses and two centers throughout Northern Virginia. American University, George Washington University, Catholic University, and Virginia Commonwealth University also operate programs in the County’s secondary schools and on military installations within the County.

Cultural Amenities

Wolf Trap Farm Park for the Performing Arts, a cultural facility internationally renowned for its ballet, symphony, concert, and opera offerings, and the only national park for the performing arts in the U.S., is located in north-central Fairfax County. Nearly 300 cultural organizations – theater and opera companies, music and dance groups, community arts centers, festivals, and other activities – are based in

and around the County. The County also assists in supporting the Fairfax Symphony, an internationally recognized orchestra that provides a variety of musical programs and outreach services to County residents. Other well-known attractions in the County include Mount Vernon, the home of George Washington; Woodlawn Plantation, George Washington’s wedding gift to his nephew; Gunston Hall, home of George Mason, author of the U.S. Bill of Rights and the first Constitution of Virginia; and the National Museum of the United States Army at Fort Belvoir. The region also boasts professional baseball, basketball, football, ice hockey, and soccer.

DEBT ADMINISTRATION

Statement of Bonded Indebtedness

Pursuant to the Constitution of Virginia and the Public Finance Act (Code of Virginia of 1950, §15.2-2600 et seq.), a county in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds, the Board of Supervisors of the County is required to levy, if necessary, an annual ad valorem tax on all property in the County subject to local taxation.

As of June 30, 2021, the County had outstanding the following amounts of general obligation bonds:

<u>Purpose</u>	<u>Total General Obligation Bonds</u>
School	\$1,489,596,800
General Government	<u>866,308,200</u>
Total General Obligation Bonded Indebtedness ¹	<u>\$2,355,905,000</u>

Source: Fairfax County Annual Comprehensive Financial Report FY 2021

¹ See “Debt Administration – Debt Service on Tax Supported Debt Obligations” herein for outstanding debt service as of January 19, 2022.

The County does not rely upon short-term borrowings to fund operating requirements. The County has never defaulted in the payment of either principal or interest on any general obligation indebtedness.

Limits on Indebtedness

There is no legal limit on the amount of general obligation bonded indebtedness that Fairfax County can at any time incur or have outstanding. However, all such indebtedness must be approved by voter referendum prior to issuance. Since 1975, the Board of Supervisors has established as a financial guideline a self-imposed limit on the average annual amount of bond sales. In May 2018, the Board of Supervisors increased the bond sale target to \$1.5 billion over a 5-year period, or an average of \$300 million annually, with the flexibility to expand to a maximum of \$325 million based on market conditions and/or priority needs in any given year. On December 7, 2021, the Board of Supervisors approved an additional increase to the County’s bond sale limits from \$300 million to \$400 million with the County and the Schools each receiving an additional \$50 million. This increase was the result of a recommendation from a yearlong Joint Board of Supervisors and School Board Capital Improvement Committee that concluded its work in fall 2021. Applicable updates to the County’s Ten Principles of Sound Financial Management with respect to these revised bond sale limits will be included as part of the FY 2023 budget process. The actual amount of bond sales will be determined by the standard annual review of construction funding requirements and municipal bond market conditions.

The Board of Supervisors also has imposed limits which provide that the County’s long-term debt should not exceed 3% of the total market value of taxable real and personal property in the County. The limits also provide that annual debt service should not exceed 10% of annual General Fund disbursements. These limits may be changed by the Board of Supervisors, and they are not binding on future Boards of Supervisors of the County.

Bond Referenda Authorization

The following chart presents by purpose Fairfax County’s authorized but unissued general obligation bond indebtedness as of January 19, 2022, assuming the issuance of the Bonds:

<u>Authorized Purpose</u>	Principal Amount Authorized but Unissued as of January 19, 2022
School Improvements	\$708,260,000
Public Safety Facilities	291,510,000
Transportation Improvements and Facilities	153,380,000
Parks and Park Facilities	154,070,000
Human Services Facilities	148,900,000
Library Facilities	<u>90,000,000</u>
Total	<u>\$1,546,120,000</u>

Source: Fairfax County Department of Management and Budget

Other Tax Supported Debt Obligations

The Board of Supervisors of the County directly or indirectly appoints all or a portion of the governing body of several legally independent local and regional authorities that provide services to the County and its constituents. Such authorities include those that issue revenue bonds that are not general obligations of the County and issue debt supported directly or contingently by appropriations of tax revenues by the County. The full faith and credit of the County are not pledged to secure such bonds.

Beginning in 1996, the Fairfax County Redevelopment and Housing Authority (“FCRHA”) has issued \$42,460,000 of revenue bonds in seven series to finance the construction or renovation of five community center buildings, two adult day health care centers, one Head Start facility and one senior center. The County was obligated by the terms of triple net lease agreements or payment agreements with FCRHA to pay amounts equal to debt service on FCRHA’s bonds. The County’s obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of funds for such purpose. The coincidental terms of the various bonds, lease agreements and payment agreements extend to May 1, 2029. On March 10, 2010, the EDA issued \$43,390,000 revenue bonds (Six Public Facilities Projects) (the “2010 Bonds”) and provided a portion of the proceeds of the 2010 Bonds to the County to enable the County pursuant to its lease agreements with FCRHA to purchase five facilities financed from FCRHA bond issuances in 1996, 1998, 1999 and 2004. FCRHA used the funds provided by the County to redeem or defease the four series of bonds that financed the applicable facilities. On September 13, 2017, the original series issued by FCRHA in 2003 financing a head start facility was fully redeemed.

In July 2000, the Fairfax County Board of Supervisors entered into a Master Development Agreement with a private developer to finance and construct a 135,000 square foot government center in the southeastern region of the County. In November 2000, \$29,000,000 of Certificates of Participation

(“Certificates” or “COPs”) were issued, secured by a triple net lease on the property between the developer and the County. The County was obligated by the terms of the lease agreement to pay an amount equal to the debt service on the Certificates. The County accepted the government center as substantially complete in February 2002. A portion of the proceeds of EDA’s 2010 Bonds were provided to the County to enable the County to exercise an option to purchase the government center (the “South County Government Center Purchase”). The purchase price provided by the County was used to defease the COPs. The County is obligated by the terms of a contract with the EDA to pay amounts equal to debt service on the EDA’s 2010 Bonds. The County’s obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of sufficient funds for such purpose. In April 2019, the EDA issued Refunding Revenue Bonds, Series 2019 to refund the EDA’s 2010 Bonds for debt service savings. The Series 2019 Bonds and the related contract extend to April 2032, which is no change from the 2010 Bonds.

In June 2003, EDA issued \$70,830,000 of Revenue Bonds (Laurel Hill Public Facilities Project), backed by a contract with the County. Approximately \$55,300,000 of the bonds were allocable to the financing of a new public secondary school in the southern part of the County and \$15,530,000 of the bonds were allocable to the financing of a new 18-hole public golf course in the southern part of the County. The County is obligated by the terms of a contract with EDA to pay amounts equal to debt service on EDA’s bonds. The County’s obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of sufficient funds for such purpose. The coincidental terms of the bonds and the contract extend to June 2033. In April 2012, EDA issued its \$47,745,000 Revenue Refunding Bonds (Laurel Hill Public Facilities Projects), Series 2012A to refund a portion of the bonds issued in 2003. In November 2021, EDA issued \$53,475,000 Fairfax County Facilities Revenue Refunding Bonds Series 2021C (County Facilities Projects) (Federally Taxable), to advance refund certain outstanding maturities of the 2012A Laurel Hill Public Facilities Project Bonds, 2014 County Facilities Project Bonds, and 2017B County Facilities Projects Refunding Bonds.

On January 27, 2005, EDA issued \$60,690,000 of Revenue Bonds (School Board Central Administration Building Project Phase I) (the “School Board Building Bonds”), backed by a contract with the County. The bonds were issued to finance the purchase of certain property, including an existing office building thereon, the purchase of certain land adjacent thereto and the improvement of the existing building for use by the School Board as an administration building. The County is obligated by a contract with EDA to pay amounts equal to debt service on the School Board Building Bonds. The County’s obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of sufficient funds for such purpose. The coincidental terms of the School Board Building Bonds and the contract extend to April 2035. In June 2014, EDA issued \$170,690,000 Fairfax County Facilities Revenue and Refunding Bonds Series 2014A (County Facilities Projects) to refund a portion of the School Board Building Bonds. In November 2021, EDA issued \$110,485,000 Fairfax County Facilities Revenue Refunding Bonds Series 2021D (County Facilities Projects) (Federally Taxable), to advance refund certain outstanding maturities of the 2014A County Facilities Projects Bonds.

On December 27, 2005, the Fairfax County Park Authority (“FCPA”) issued two promissory notes in the aggregate amount of \$12,900,000 for the purpose of providing a portion of the purchase price of a conservation easement for preservation purposes on an approximately 41-acre parcel of land, and options to purchase certain land. This land is known as “Salona,” a historic site within the County. The County is obligated by the terms of a contract with FCPA to pay amounts sufficient to pay the principal and interest installments on the promissory notes when due. The County’s obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of sufficient funds for such purpose. The coincidental terms of the promissory notes and contract extend to December 2025.

On February 16, 2006, FCRHA issued a \$40,600,000 Bond Anticipation Note (Affordable Housing Acquisition) Series 2006 (the “Series 2006 Note”). The Series 2006 Note was issued for the purpose of providing a portion of the funds required for the purchase of a multi-family rental housing complex, known as Crescent Apartments, to further FCRHA’s goal of preserving existing affordable housing in Fairfax County. In 2007, 2008, 2011 and 2013 FCRHA issued bond anticipation notes, each time to refinance previous bond anticipation notes issued for the financing or refinancing of the Crescent Apartments project that were not paid from County money set aside to promote affordable housing. In February 2015 the County and FCRHA entered into a direct loan agreement with Bank of America, N.A. (the “Crescent Apartments Loan Agreement”), in a principal amount of \$18,260,000, which together with other County funds refinanced the 2013 Notes. In February 2018, FCRHA issued its Revenue Bonds (Crescent Affordable Housing Acquisition), Series 2018A (Federally Taxable) (the “Series 2018 Bonds”) in the aggregate amount of \$11,175,000 with a five-year amortization to refinance the loan payments. The County is obligated by the terms of a payment agreement with FCRHA, subject to the appropriation of funds for the purpose, to pay amounts equal to the interest on and the principal of the Series 2018 Bonds. The coincidental terms of the Series 2018 Bonds and the related payment agreement extend to October 2022.

On November 28, 2007, FCRHA issued \$105,485,000 Bond Anticipation Notes (Affordable Housing Acquisition) Series 2007B (the “Series 2007B Notes”). The Series 2007B Notes were issued for the purpose of providing a portion of the funds required for the purchase of a multi-family rental housing complex located in Annandale, Virginia. In 2008, FCRHA issued bond anticipation notes to refinance the Series 2007B Notes. On August 20, 2009, FCRHA issued its Revenue Bonds (Affordable Housing Acquisition) Series 2009 in the aggregate amount of \$94,950,000 (the “Series 2009 Bonds”) to pay a portion of the principal amount of the 2008 outstanding bond anticipation notes. A portion of the principal amount of the 2008 bond anticipation notes, and the interest due on such notes, was paid from money set aside to promote affordable housing. On August 13, 2019, FCRHA issued its Revenue Refunding Bonds (Wedgewood Affordable Housing Acquisition) Series 2019 in the aggregate amount of \$61,795,000 (the “Series 2019 Bonds”) to refund a portion of the principal amount of the Series 2009 Bonds outstanding. The County is obligated by the terms of a payment agreement with FCRHA, subject to the appropriation of funds for the purpose, to pay amounts equal to the interest on and the principal of the Series 2019 Bonds. The coincidental terms of the Series 2019 Bonds and the related payment agreement extend to October 2039.

In July 2011, EDA issued \$99,430,000 of Revenue Bonds (Wiehle Avenue Metrorail Station Parking Project) (the “2011 Wiehle Bonds”). The bonds were issued to finance a portion of the costs of construction of a public parking facility to serve the Wiehle Avenue Metrorail Station that was constructed as part of the extension of Washington Metropolitan Area Transit Authority’s Metrorail System in the Dulles Corridor. The County is obligated by contract with EDA to pay amounts equal to debt service on the 2011 Wiehle Bonds. The County’s obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of sufficient funds for such purpose. The coincidental terms of the bonds and the contract extend to August 2034. On May 5, 2020, EDA issued \$62,285,000 of Revenue Refunding Bonds (Wiehle Avenue Metrorail Station Parking Project), Series 2020 (the “2020 Wiehle Bonds”), to refund for debt service savings all of the 2011 Wiehle Bonds maturing on or after August 1, 2021.

In May 2012, EDA issued \$65,965,000 of Fairfax County Facilities Revenue Bonds, Series 2012A (Community Services Facilities Projects) (the “2012 EDA Bonds”), backed by a contract between the County and EDA. The bonds were issued to finance the improvement of certain properties to be used by the County as a mental health facility and as a neighborhood community center. The County is obligated by a contract with EDA to pay amounts equal to debt service on such bonds. The County’s obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of

sufficient funds for such purpose. The coincidental terms of the bonds and the contract extend to March 2042. In August 2017, EDA issued its 2017B County Facilities Projects Refunding Bonds (hereinafter defined) to refund certain outstanding maturities of the 2012 EDA Bonds. In November 2021, EDA issued \$13,865,000 Fairfax County Facilities Revenue Refunding Bonds Series 2021B (County Facilities Projects),, to current refund all of the outstanding maturities of the 2012A Bonds.

In November 2013, the County issued an \$11,085,000 special subfund revenue bond (the “2013 VRA Bond”) to Virginia Resources Authority (“VRA”). In return for issuing the 2013 VRA Bond, VRA provided the County with a portion of the proceeds realized from its autumn 2013 pooled financing bond transaction. The 2013 VRA Bond was issued to finance renovations to a complex that serves as a senior housing and assisted living facility, a senior center and an adult day health care center in the County. The County is obligated by a contract with VRA to pay amounts equal to the debt service on the 2013 VRA Bond. The County’s obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of sufficient funds for such purpose. The coincidental terms of the 2013 VRA Bond and the contract extend to October 2033.

In June 2014, EDA issued \$170,690,000 of Fairfax County Facilities Revenue and Refunding Bonds Series 2014A (County Facilities Projects) (the “2014A County Facilities Projects Bonds”). The 2014A County Facilities Projects Bonds were issued to provide funds to finance the costs of the construction of a building to serve as a public safety facility for the County and the construction of a related parking garage, to refund and redeem prior to their respective maturities certain outstanding School Board Building Bonds and to capitalize interest on a portion of the Series 2014A County Facilities Projects Bonds. The County is obligated by a contract with EDA to pay amounts equal to debt service on such bonds. The County’s obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of sufficient funds for such purpose. The coincidental terms of the Series 2014A County Facilities Projects Bonds and the contract extend to October 2034. In November 2021, EDA issued \$110,485,000 Fairfax County Facilities Revenue Refunding Bonds Series 2021D (County Facilities Projects) (Federally Taxable), to advance refund certain outstanding maturities of the 2014A County Facilities Projects Bonds.

In June 2014, EDA issued \$30,175,000 of Fairfax County Facilities Revenue Bonds Series 2014 B (Federally Taxable) (County Facilities Projects) (the “2014B County Facilities Projects Bonds, and together with the 2014A County Facilities Projects Bonds, the “2014 County Facilities Projects Bonds”) to provide funds to permanently finance the leasehold acquisition from LAF, LLC, of the Workhouse Arts Center located in the southeastern corner of the County, for a price sufficient to enable the lessee to retire all of its indebtedness relating to the Workhouse Arts Center. The County leased the 55-acre site and existing historic structures of the Lorton Correctional Complex to the lessee in 2006, and the lessee incurred over \$50 million in debt through EDA to finance improvements to convert the Complex into a center for visual and performing arts. The County plans to provide for the continuation of the existing educational and cultural programs at the Center, while the County conducts a study of the optimum uses of and develops plans for further improvements to the Center. The County is obligated by a contract with EDA to pay amounts equal to debt service on such bonds. The County’s obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of sufficient funds for such purpose. The coincidental terms of the 2014B County Facilities Projects Bonds and the contract extend to October 2033. In November 2021, EDA issued \$53,475,000 Fairfax County Facilities Revenue Refunding Bonds Series 2021C (County Facilities Projects) (Federally Taxable), to advance refund certain outstanding maturities of the 2012A Laurel Hill Public Facilities Project Bonds, 2014 County Facilities Project Bonds, and 2017B County Facilities Projects Refunding Bonds.

On December 17, 2014, EDA entered into a loan agreement with the United States Department of Transportation and obtained a Transportation Infrastructure Financing and Innovation Act (“TIFIA”) loan

in the principal amount up to \$403,274,894 (plus capitalized interest). Proceeds from the TIFIA loan are being used to finance the County's share of Phase II of the Silver Line Metrorail expansion. The County is obligated by a contract with the EDA to pay amounts equal to debt service on the TIFIA loan. The County's obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of sufficient funds for such purpose. The terms of the TIFIA loan provide for repayment to begin October 1, 2023, and end April 1, 2046. As of June 30, 2021, the outstanding balance on the TIFIA loan, including accrued interest, was \$447,480,044.

In August 2017, EDA issued \$19,060,000 of Fairfax County Facilities Revenue Bonds Series 2017 A (County Facilities Projects) (Federally Taxable) (the "2017A County Facilities Projects Bonds") and \$31,150,000 of Fairfax County Facilities Revenue Refunding Bonds Series 2017 B (County Facilities Projects) (the "2017B County Facilities Projects Refunding Bonds" and together with the 2017A County Facilities Projects Bonds, the "2017 County Facilities Projects Bonds"). The 2017A County Facilities Projects Bonds were issued to finance the costs of the construction and improvement of certain property to be used by the County as an adult day care facility, child day care centers and a senior center or for other County approved purposes. The 2017B County Facilities Projects Refunding Bonds were issued to refund certain outstanding maturities of the 2012 EDA Bonds. The County is obligated by a contract with EDA to pay amounts equal to debt service on the 2017 County Facilities Projects Bonds. The County's obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of sufficient funds for such purpose. The coincidental terms of the 2017 County Facilities Projects Bonds and the contract extend to October 2037. In November 2021, EDA issued \$53,475,000 Fairfax County Facilities Revenue Refunding Bonds Series 2021C (County Facilities Projects) (Federally Taxable), to advance refund certain outstanding maturities of the 2012A Laurel Hill Public Facilities Project Bonds, 2014 County Facilities Project Bonds, and 2017B County Facilities Projects Refunding Bonds.

In November 2021, EDA issued \$74,605,000 Fairfax County Facilities Revenue Bonds Series 2021A (County Facilities Projects) (Green Bonds), to finance the construction and improvement of certain property to be used as a consolidated public works complex for the County's stormwater and wastewater divisions. The County is obligated by a contract with EDA to pay amounts equal to debt service on the Series 2021A (County Facilities Projects) (Green Bonds).

Lease Commitments and Contractual Obligations

The County leases certain real estate, equipment, and sewer facilities under various long-term lease agreements. In addition, pursuant to contracts with Arlington County, the Alexandria Sanitation Authority, the District of Columbia, and the Upper Occoquan Sewage Authority, the County is obligated to share the capital costs and associated debt service of certain facilities.

In February 1990, the Northern Virginia Transportation Commission ("NVTC") issued \$79.4 million of bonds to finance certain costs associated with the establishment of commuter rail services (the Virginia Railway Express) in the area of Northern Virginia bordering Washington, D.C. Fairfax County has joined with other jurisdictions through a Master Agreement to bear certain costs associated with operating the rail service as well as servicing the debt issued by NVTC. The Master Agreement requires that the County's governmental officers charged with preparing its annual budget include an amount equal to its share of the costs of the Virginia Railway Express. Each jurisdiction's share is determined by a formula set out in the Master Agreement. Fairfax County's share of this cost was \$6.4 million in FY 2021. An additional \$23 million in NVTC commuter rail revenue bonds were issued in early 1997 to purchase new rail coaches. Debt service on these bonds is being funded predominantly by Commonwealth and federal funds and VRE revenues.

On October 29, 2003, EDA issued \$33,375,000 transportation contract revenue bonds to provide \$30,000,000 to the Commonwealth Transportation Board (“CTB”) for construction of certain interchanges on Route 28 in the Route 28 Highway Transportation District, which is partly in Fairfax County and partly in Loudoun County. On August 26, 2004, EDA issued \$57,410,000 transportation contract revenue bonds to provide an additional \$60 million for construction of additional interchanges. The bonds issued in 2003 and 2004 financed the construction of six interchanges. In March 2007, EDA issued \$41,505,000 transportation contract revenue bonds to finance a portion of the costs of constructing an additional four interchanges in the Route 28 Highway Transportation District. In July 2008, EDA issued \$51,505,000 transportation contract revenue bonds (the “2008 Bonds”) to finance additional costs of constructing the additional four interchanges on Route 28. See also the discussion of taxes levied by the County in the Route 28 Highway Transportation Improvement District, located partly in the County, to pay debt service on CTB and EDA bonds in “GOVERNMENT SERVICES – Transportation – *Tax Districts*” herein. In May 2012, EDA issued bonds to refund a portion of the bonds issued in 2003 and 2004 and in August 2016 EDA issued bonds to refund all of the outstanding bonds issued in March 2007 and a portion of the outstanding bonds issued in July 2008. The 2008 Bonds were redeemed on April 1, 2018.

On May 26, 2011, EDA issued \$205,705,000 Transportation District Improvement Revenue Bonds (Silver Line Phase I Project) Series 2011 which provided \$220 million to provide a portion of the financing for the expansion of Metrorail of approximately 11.5 miles of rail line through the County’s primary urban center, Tysons to Reston. On October 10, 2012, EDA issued an additional \$42,390,000 Transportation District Improvement Revenue Bonds (Silver Line Phase I Project) Series 2012 to provide \$48,400,000 for this purpose. Debt service on the bonds is paid from a special improvements tax levied by the County on commercial and industrial use property located in the Phase I Dulles Rail Transportation Improvement District within the County. On March 16, 2016, EDA issued \$173,960,000 Transportation District Improvement Revenue Refunding Bonds (Silver Line Phase I Project) Series 2016 which refunded a portion of the outstanding bonds issued in 2011 and 2012. On May 18, 2021, the County defeased certain outstanding maturities of the Series 2016 Bonds in a principal amount of \$11,190,000.00. On April 1, 2020, the County defeased a portion of the Series 2016 Bonds in a principal amount of \$17,495,000. In April 2020, the Series 2011 and 2012 Bonds were fully redeemed.

On June 9, 2011, the Mosaic District Community Development Authority (the “CDA”) issued \$46,980,000 Revenue Bonds, Series 2011A, and the CDA issued in July 2011 an additional \$18,670,000 Revenue Bonds, Taxable Series 2011A-T (collectively, the “CDA Bonds”). Proceeds from the CDA Bonds were used to finance certain public infrastructure improvements within the Mosaic District Community Development Authority District (the “Mosaic District”) to support a mixed-use development to be constructed within the Mosaic District. The CDA Bonds are payable primarily from certain incremental real estate tax revenues collected by the County in the District and certain special assessments imposed and collected by the County within the Mosaic District. The payment of incremental real estate tax revenues and special assessments, as applicable, by the County to the CDA to be used for debt service payments on the CDA Bonds is subject to appropriation by the County. On December 3, 2020, the CDA issued \$55,650,000 Revenue Refunding Bonds, Series 2020A and Series 2020A-T, which refunded all of the prior CDA Bonds.

On March 8, 2017, EDA issued \$69,645,000 Fairfax County Metrorail Parking System Project Revenue Bonds Series 2017 (“Parking System Revenue Bonds”) to provide funds to finance the construction of parking facilities to be owned and operated by the County, that will be located adjacent to WMATA’s Herndon and Innovation Center Metrorail Stations to be constructed as part of Phase II of the Silver Line extension of Metrorail. Debt service on the Parking System Revenue Bonds is payable from the proceeds of net parking revenues collected from customers of parking facilities controlled by the

County at certain WMATA Metrorail stations in the County and from certain surcharge revenues collected from customers of certain parking facilities controlled by WMATA.

Debt Service on Tax Supported Debt Obligations

Total principal and interest payments on the County’s outstanding tax supported debt obligations, including general obligation bonds and other tax supported debt obligations, are presented in the following table as of January 19, 2022, assuming the issuance of the Bonds:

Fiscal Year Ending June 30	General Obligation Bonds		Other Tax Supported Debt Obligations		Total²
	Principal	Interest¹	Principal	Interest	
2022	\$34,120,000	\$42,715,764	\$5,632,500	\$7,600,042	\$90,068,305
2023	220,090,000	89,990,996	30,385,000	16,302,794	356,768,790
2024	208,430,000	78,908,577	26,250,000	15,171,617	328,760,193
2025	205,235,000	69,242,749	27,275,000	14,019,439	315,772,188
2026	194,875,000	60,867,379	27,807,500	12,970,012	296,519,891
2027	186,975,000	53,136,162	27,965,000	12,042,847	280,119,009
2028	174,625,000	45,930,965	28,500,000	11,087,279	260,143,244
2029	162,075,000	39,360,753	29,070,000	10,095,787	240,601,540
2030	150,980,000	33,317,375	29,565,000	9,094,889	222,957,264
2031	136,455,000	28,058,085	30,145,000	8,106,482	202,764,567
2032	127,485,000	23,407,919	30,715,000	7,085,102	188,693,021
2033	116,705,000	19,166,377	29,565,000	6,025,514	171,461,891
2034	105,580,000	15,506,250	29,220,000	5,004,248	155,310,498
2035	91,580,000	12,249,297	27,225,000	3,991,287	135,045,584
2036	79,720,000	9,339,309	12,055,000	3,233,010	104,347,320
2037	70,270,000	6,755,600	12,570,000	2,719,656	92,315,256
2038	58,855,000	4,486,800	12,810,000	2,191,289	78,343,089
2039	47,875,000	2,665,900	12,080,000	1,612,900	64,233,800
2040	37,140,000	1,332,975	12,690,000	993,650	52,156,625
2041	26,410,000	536,600	8,285,000	510,700	35,742,300
2042-2052	13,625,000	136,250	8,625,000	172,500	22,558,750
Total ²	<u>\$2,449,105,000</u>	<u>\$637,112,081</u>	<u>\$458,435,000</u>	<u>\$150,031,043</u>	<u>\$3,694,683,124</u>

Source: Fairfax County Department of Management and Budget

¹ Does not reflect anticipated payments by the United States Treasury with respect to the County’s Public Improvement Bonds Series 2009E (Federally Taxable - Build America Bonds).

² Totals may not add due to rounding.

Sewer Revenue Bonds

Beginning in 1986, the County has issued several series of bonds under the General Bond Resolution for the benefit of the County’s sewage collection, treatment and disposal systems (collectively, the “System”), including \$104,000,000 Sewer Revenue Bonds, Series 1996 (the “1996 Bonds”) issued to provide funds for paying a portion of the costs of certain additions, extensions and improvements to the System. The County also issued \$94,005,000 Sewer Revenue Refunding Bonds, Series 2004 (the “2004 Bonds”) on October 14, 2004, to provide funds, with other available funds, to refund the \$91,430,000 of the County’s outstanding 1996 Bonds that were scheduled to mature on and after July 15, 2007. On June 17, 2009, the County issued \$152,255,000 Sewer Revenue Bonds, Series 2009 (the “2009 Bonds”) to provide funds to finance capital improvements for the benefit of the System as well as for the purchase of

additional wastewater capacity for the benefit of the County. On August 8, 2012, the County issued \$90,710,000 Sewer Revenue Bonds, Series 2012 (the “2012 Bonds”) to provide funds to pay a portion of capital improvement costs allocable to the County at certain wastewater treatment facilities that are owned by, or that provide service to, the County which were required by the Commonwealth’s Department of Environmental Quality to reduce the total nitrogen discharge to newly required limits, the purchase of additional capacity at certain wastewater treatment facilities for the benefit of the County and the costs of certain additions, extensions and improvements to the County’s sewage collection, treatment and disposal systems. On April 16, 2014, the County issued \$61,755,000 Sewer Revenue Refunding Bonds, Series 2014 to refund the outstanding 2004 Bonds. In addition, on May 12, 2016, the County issued \$164,450,000 Sewer Revenue Refunding Bonds, Series 2016A to refund the outstanding 2009 Bonds that were scheduled to mature on and after July 15, 2019, and a portion of the outstanding 2012 Bonds that were scheduled to mature on and after July 15, 2021. On June 28, 2017, the County issued \$85,785,000 Sewer Revenue Bonds to provide funds to pay the costs of certain additions, extensions and improvements to the County’s sewage collection, treatment and disposal systems, paying capital improvement costs allocable to the County at certain wastewater treatment facilities that provide service to the County and, if necessary purchasing additional capacity at certain wastewater treatment facilities for the benefit of the County. On June 9, 2021, the County issued its \$191,990,000 Sewer Revenue Bonds, Series 2021A, and its \$24,210,000 Sewer Revenue Refunding Bonds, Series 2021B. On November 23, 2021, the County delivered to EDA its Subordinate Sewer Revenue Bond, Series 2021A in the principal amount of \$20,055,000, representing the wastewater system’s obligation to reimburse the County for its allocable share of the capital cost of a new consolidated public works complex for the County’s stormwater and wastewater divisions.

Wastewater treatment capacity and services are also provided to the Integrated Sewer System pursuant to contracts with Arlington County, the Alexandria Renew Enterprises (“ARE”), DC Water, and the Upper Occoquan Sewage Authority (“UOSA”), whereby the County is obligated to share the capital costs and associated debt service of certain facilities. The County’s obligations to such entities are payable solely from the revenues of the Integrated Sewer System on a basis, under the General Bond Resolution, subordinate to its sewer revenue bonds, and are not general obligations of the County.

The County has entered into a service agreement with ARE (the “ARE Service Agreement”) that obligates the County for 60% of the cost of capacity of the ARE wastewater treatment plant and a joint use system, including debt service on ARE bonds issued for ARE system improvements where the County does not otherwise provide for its share of the capital cost of such improvements. The County’s share of previous upgrades was \$200 million. In 2002, the County obtained a loan from the Virginia Water Facilities Revolving Fund (the “Fund”) administered by the Virginia Resources Authority in the amount of \$50 million to pay its 60% share of the capital costs associated with certain improvements being made by ARE to its wastewater treatment plant in Alexandria, Virginia. The County issued to the Fund a “local bond” as a Subordinate Obligation, payable from money in the Subordinate Obligations Subfund under the Bond Resolution, in evidence of its obligation to repay the 20-year loan. The local bond will be fully repaid in in February 2022. The County expects to provide the balance of its share of the costs of ARE’s improvement project from other borrowings and available Integrated Sewer System funds.

The ARE Service Agreement requires the County to pay its share of capital and operating costs of Joint Use Facilities. On October 6, 2020, the City of Alexandria, Virginia Sanitation Authority and the County signed a memorandum of understanding (the “MOU”) regarding Cost Share for the RiverRenew project. RiverRenew, which includes multiple projects consisting of a new tunnel system and upgrades to Alexandria’s wastewater treatment facility, is the largest infrastructure initiative in the history of Alexandria. The MOU memorializes the agreement of the parties with respect to the cost allocation methodology for construction and operating of joint use facilities elements of the RiverRenew project, as

well as the County’s capacity rights in the new facilities. The County’s current estimate of its obligations under the RiverRenew project is approximately \$58 million.

UOSA issued regional sewer system revenue refunding bonds in November 2013, May 2013, February 2007, and November 2004 to refund certain of its outstanding bonds. In 2010 and 2007, UOSA issued \$85.2 million and \$119.7 million, respectively, of Regional Sewer System Revenue Bonds, of which the County’s share of the par amount of such debt is \$34.1 million and \$53.9 million, respectively, to finance the cost of certain capital improvements. In fiscal year 2012, UOSA entered into two loans to fund costs related to an energy service project and phase 1 of a nutrient compliance improvement project, respectively. In fiscal years 2014, 2015 and 2016, UOSA refinanced bonds issued in 2007. As of June 30, 2021, the County’s share of UOSA’s outstanding debt was \$238.0 million.

The debt service on the County’s outstanding sewer revenue bonds, its subordinated sewer revenue bond payable to the Virginia Water Facilities Revolving Fund evidencing a loan for a portion of the County’s costs associated with the ARE improvement project, and its subordinated obligations payable for capacity under its contract with UOSA, is reflected in the following table:

Fiscal Year	<u>Sewer Revenue Bonds</u>		<u>Other Sewer Debt Service Obligations¹</u>		<u>Total⁴</u>
	<u>Principal</u>	<u>Interest</u>	<u>SRF/VRA²</u>	<u>UOSA³</u>	
<u>Ending June 30</u>					
2022	\$11,745,000	\$17,881,581	\$3,276,611	\$20,203,531	\$53,106,723
2023	12,320,000	21,163,256	-	20,587,563	54,070,820
2024	16,100,000	20,460,481	-	20,588,059	57,148,540
2025	16,935,000	19,634,606	-	20,590,401	57,160,008
2026	17,765,000	18,819,156	-	21,066,138	57,650,294
2027	18,595,000	18,016,106	-	21,195,114	57,806,221
2028	19,405,000	17,202,281	-	21,188,479	57,795,761
2029	20,195,000	16,421,081	-	21,193,260	57,809,342
2030	15,070,000	15,665,981	-	9,025,928	39,761,909
2031	15,845,000	14,893,106	-	9,032,593	39,770,699
2032	16,655,000	14,080,606	-	8,954,727	39,690,333
2033	17,465,000	13,277,681	-	8,886,175	39,628,856
2034	18,215,000	12,526,581	-	8,719,400	39,460,981
2035	18,965,000	11,775,128	-	8,651,150	39,391,278
2036	19,755,000	10,984,538	-	8,649,448	39,388,986
2037	20,045,000	10,170,775	-	8,650,649	38,866,424
2038	20,870,000	9,345,450	-	6,800,090	37,015,540
2039	21,735,000	8,478,375	-	8,718,146	38,931,521
2040	23,345,000	7,606,400	-	8,719,376	39,670,776
2041	15,055,000	6,866,225	-	2,944,420	24,865,645
2042-2052	<u>144,855,000</u>	<u>32,525,600</u>	<u>-</u>	<u>12,493,278</u>	<u>189,873,878</u>
Total⁴	<u>\$500,935,000</u>	<u>\$317,794,997</u>	<u>\$3,276,611</u>	<u>\$276,857,927</u>	<u>\$1,098,864,535</u>

Source: Fairfax County Department of Public Works and Environmental Services

¹ Excludes debt service on the Subordinate Sewer Revenue Bond, Series 2021A, issued to EDA to reflect the financing costs of the portion of the new consolidated public works complex for use by the County’s wastewater division. See “– Sewer Revenue Bonds” above.

² Debt service on the County’s subordinated sewer revenue bond issued to the Virginia Water Facilities Revolving Fund evidencing the County’s obligation to repay loans made to the County by Virginia Resources Authority, as administrator of the Fund.

³ Based on the County’s share of scheduled UOSA debt service. Does not reflect any anticipated payments by the United States Treasury on outstanding UOSA Build America Bonds.

⁴ Totals may not add due to rounding.

Debt Ratios

The following data show trends in the relationship of the general obligation bond indebtedness of the County to the estimated market value of taxable property in the County and to its estimated population and the trend of general obligation debt service requirements as a percentage of General Fund disbursements.

Trend of Debt as a Percentage of Estimated Market Value of Taxable Property (in 000s)

<u>Fiscal Year Ended June 30</u>	<u>Bonded Indebtedness¹</u>	<u>Estimated Market Value²</u>	<u>Percentage</u>
2013	\$2,514,452	\$211,298,487	1.19%
2014	2,766,717	224,369,644	1.23
2015	2,770,822	236,403,666	1.17
2016	2,750,573	244,397,085	1.13
2017	2,766,149	251,724,115	1.10
2018	2,768,103	256,260,725	1.08
2019	2,740,658	265,195,976	1.03
2020	2,768,513	274,815,955	1.01
2021	2,819,718	283,959,357	0.99
2022 ³	3,249,980	288,434,287	1.13

Sources: Fairfax County Annual Comprehensive Financial Reports FY 2013-2021 and Department of Finance

¹Bonded Indebtedness included herein differs from the data shown in Tables 3.1, 3.2 and 3.4 of the Statistical Section of the County's Annual Comprehensive Financial Report based on the treatment of bond premium and discounts. In the Annual Comprehensive Financial Report, Bonded Indebtedness represents principal outstanding plus unamortized premium (minus unamortized discount). In the table above, Bonded Indebtedness is based on outstanding principal without adjustment for unamortized premium or discount. The total includes General Obligation Bonds and other tax supported debt payable from the General Fund including the County's obligation to make payments with respect to "– Other Tax Supported Debt Obligations."

²Estimated market value is based on recorded values as of January 1 of the prior fiscal year, and reflects the original book value and does not reflect any adjustments made during the fiscal year.

³Estimate from the FY 2022 Adopted Budget Plan per the Fairfax County Department of Management and Budget.

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Estimated Debt Per Capita

Fiscal Year Ended June 30	Bonded Indebtedness (in 000s)¹	Estimated Population (in 000s)²	Bonded Indebtedness Per Capita	Fairfax County Per Capita Income³	Estimated Debt Per Capita as Percentage of Per Capita Income
2013	\$2,514,452	1,131	\$2,223	\$71,607	3.10%
2014	2,766,717	1,138	2,431	71,752	3.39
2015	2,770,822	1,142	2,426	75,007	3.23
2016	2,750,573	1,139	2,415	74,923	3.22
2017	2,766,149	1,143	2,420	75,978	3.19
2018	2,768,103	1,153	2,401	78,376	3.06
2019	2,740,658	1,167	2,348	82,441	2.85
2020	2,768,513	1,172	2,362	86,141	2.74
2021 ⁴	3,002,395	1,172	2,562	86,141	2.97
2022 ⁴	3,249,980	1,172	2,773	86,141	3.22

Sources: Fairfax County Annual Comprehensive Financial Report FY 2021 and Department of Finance

¹ Bonded Indebtedness included herein differs from the data shown in Tables 3.1, 3.2 and 3.4 of the Statistical Section of the County's Annual Comprehensive Financial Report based on the treatment of bond premium and discounts. In the Annual Comprehensive Financial Report, Bonded Indebtedness represents principal outstanding plus unamortized premium (minus unamortized discount). In the table above, Bonded Indebtedness is based on outstanding principal without adjustment for unamortized premium or discount. The total includes General Obligation Bonds and other tax supported debt payable from the General Fund including the County's obligation to make payments with respect to "– Other Tax Supported Debt Obligations."

² U.S. Census Bureau, 2010 Decennial Censuses, U. S. Census Bureau Annual Estimates of the Resident Population: April 1, 2013, to July 1, 2019. 2020, 2021, and 2022 estimates are not yet available.

³ Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce, and Fairfax County Department of Management and Budget 2013-2021 Estimates. The Cities of Fairfax and Falls Church were not included.

⁴ Estimate from the FY 2022 Adopted Budget Plan per the Fairfax County Department of Management and Budget.

Debt Service Requirements as a Percentage of General Fund Disbursements (in 000s)

Fiscal Year Ended June 30	Debt Service Requirements¹	General Fund Disbursements	Percentage
2013	\$289,714	\$3,533,098	8.20%
2014	295,451	3,637,841	8.12
2015	313,969	3,729,625	8.42
2016	323,859	3,860,655	8.39
2017	313,389	4,005,845	7.82
2018	337,077	4,112,554	8.20
2019	345,310	4,300,484	8.03
2020	332,257	4,449,865	7.47
2021	325,402	4,545,902	7.16
2022 ²	353,113	4,527,325	7.80

Sources: Fairfax County Annual Comprehensive Financial Report FY 2021 and Department of Finance

¹ The Debt Service Requirements include total principal and interest payments on the County's outstanding tax supported debt obligations, including all debt listed under the heading "– Other Tax Supported Debt Obligations."

² Estimate per the FY 2022 Adopted Budget Plan via the Fairfax County Department of Management and Budget. Fiscal year property taxes are levied on prior year assessments. Estimate of General Fund disbursements for fiscal year 2022 is subject to future adjustment to reflect potential impacts of the COVID-19 pandemic.

Underlying Bonded Indebtedness

The following table shows the underlying bonded indebtedness of towns within the boundaries of Fairfax County as of June 30, 2021:

Town of Vienna ¹	General Obligation Bonds	\$52,988,000
Town of Herndon ¹	General Obligation and Public Improvement Notes	<u>21,807,614</u>
Total Underlying Bonded Indebtedness		<u>\$74,795,614</u>

Source: Fairfax County Annual Comprehensive Financial Report FY 2021

¹ Underlying Bonded Indebtedness for Fiscal Year 2020 included herein differs from the data shown in Tables 3.1, 3.2 and 3.4 of the Statistical Section of the County's Annual Comprehensive Financial Report based on the treatment of bond premium and discounts. In the Annual Comprehensive Financial Report, beginning with FY 2013, Bonded Indebtedness represents principal outstanding plus unamortized premium (minus unamortized discount). In the table above, Bonded Indebtedness is based on outstanding principal without adjustment for unamortized premium or discount.

This underlying bonded indebtedness are obligations of the respective towns only and are not obligations of Fairfax County.

The bonds, notes and other obligations of Fairfax Water, the Fairfax County Park Authority, the Fairfax County Industrial Development Authority, the Fairfax County Economic Development Authority, the Fairfax County Redevelopment and Housing Authority, the Northern Virginia Health Center Commission, the Northern Virginia Transportation Commission, and the Mosaic District Community Development Authority are not obligations of the County.

TAX BASE DATA

Fairfax County annually reassesses over 360,000 parcels of real property employing a computer assisted mass reassessment program for both residential and non-residential properties. The County uses a statistic called the coefficient of dispersion (the "Coefficient of Dispersion"), which measures the uniformity of assessment to sale ratios among properties. The lower the coefficient of dispersion, the more uniform the assessment. The overall Coefficient of Dispersion in Fairfax County for tax year 2019 (FY 2020) was 3.14%, and the assessment to sales price ratio was 0.953. A Coefficient of Dispersion of 15% is considered good by professional assessing standards. The County falls into the excellent category, indicating a high degree of assessment uniformity and equity.

The assessed value for FY 2022 of the real estate tax base, as reported for calendar year 2021 assessments in the main tax book for Fairfax County, increased by 2.88% from the prior year.

The data in the following five tables are presented to illustrate trends and characteristics of the assessed value of real and personal property which are major sources of County-derived revenue.

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Assessed Value of All Taxable Property¹

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
2013	\$198,178,754,789	\$16,053,881,534	\$214,232,636,323
2014	205,045,008,994	16,420,356,751	221,465,365,745
2015	216,832,912,747	16,518,808,610	233,351,721,357
2016	224,411,716,328	16,895,179,934	241,306,896,262
2017	231,350,805,374	17,451,767,407	248,802,572,781
2018	235,919,724,142	17,592,325,499	253,512,049,641
2019	244,472,458,923	17,884,347,499	262,356,806,422
2020	253,272,215,743	18,535,851,732	271,808,067,475
2021	262,970,803,833	18,019,575,722	280,990,379,555
2022 ²	269,575,011,490	18,859,275,390	288,434,286,880

Sources: Fairfax County Department of Tax Administration and Department of Management and Budget. All years included figures for the Public Service Corporation. All Public Service Corporation real property assessments are required under Virginia law to be made at 100% of estimated market value annually by the State Corporation Commission.

¹ Figures are net of exonerated assessments and tax relief for the elderly and disabled.

² Estimate from the FY 2022 Adopted Budget Plan per Fairfax County Department of Management and Budget. Fiscal year property taxes are levied on prior year assessments.

**Tax Rates per \$100 Assessed Value
(Fiscal Year)**

Tax Category	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Real Estate – Regular and Public Service	\$1.075	\$1.085	\$1.09	\$1.09	\$1.13	\$1.13	\$1.15	\$1.15	\$1.15	\$1.14
Personal Property – Regular	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57
Personal Property – Public Service	1.075	1.085	1.09	1.09	1.13	1.13	1.15	1.15	1.15	1.14
Personal Property – Machinery and Tools	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57
Personal Property – Development	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57
Personal Property – Mobile Homes	1.075	1.085	1.09	1.09	1.13	1.13	1.15	1.15	1.15	1.14
Personal Property – Special ¹	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

Sources: Fairfax County Adopted Budget Plans, FY 2013-FY 2022

¹ Includes vehicles specially equipped for the handicapped, privately owned vans used for van pools, vehicles belonging to volunteer fire and rescue squad members, vehicles owned by auxiliary police and reserve deputy sheriffs, certain property of homeowners associations, antique cars, aircraft, including flight simulators, and motor vehicles owned by qualified elderly or disabled individuals, and boats.

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**Commercial-Industrial Percentage of the
Total Assessed Value of Real Property¹**

<u>Fiscal Year²</u>	<u>Percent (%)³</u>
2013	20.77
2014	19.96
2015	19.01
2016	18.67
2017	18.89
2018	19.12
2019	19.43
2020	19.66
2021	19.72
2022	18.17

Source: Fairfax County Department of Tax Administration

¹ Assessed values are reported by State of Virginia Land Use Codes. Vacant land is defined according to zoning classification.

² Fiscal year property taxes are levied on prior year assessments.

³ Includes the Towns of Vienna, Herndon and Clifton.

The following data show the assessed value of real property of the 25 largest holders of real property in the County as of January 1, 2021.

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**Top 25
Holders of Real Property in Fairfax County
As of January 1, 2021**

Rank	Property Owner	Property Type	Total Assessment¹
1	Tysons Corner Property Holdings LLC	Tysons Corner Regional Shopping Mall	\$1,643,208,210
2	Capital One Bank	Office	905,341,310
3	Inova Health Care Services	Health Care	525,459,990
4	Reston Town Center Property LLC	Commercial & Retail	424,800,900
5	Washington Gas Light Company	Public Utility	421,158,679
6	Ps Business Parks LP	Industrial Parks	414,630,420
7	Camden Summit Partnership LP	Apartments	394,330,920
8	Federal Home Loan Mortgage Corporation	Office	387,191,890
9	PR Springfield Town Center LLC	Springfield Town Center	375,926,030
10	Coresite Real Estate 12100	Office	375,293,440
11	Mitre Corporation	Office	343,944,050
12	Reston Corporate Center LP	Office	325,246,920
13	Tysons Galleria LLC	Commercial & Retail	325,087,840
14	Fairfax Company of Virginia LLC	Fair Oaks Mall	324,049,970
15	South of Market LLC	Office	296,962,160
16	Tysons Corner Office I LLC	Office	265,227,480
17	Tamares 7950 Owner LLC	Office	264,321,040
18	Reston VA II FGF LLC	Office	256,351,130
19	Home Properties Mount Vernon LLC	Apartments and Office	256,299,240
20	Writ LP	Commercial & Industrial	220,918,410
21	WashReit Riverside Apartments LLC	Apartments	220,147,050
22	Home Properties Orleans Village LLC	Apartments	213,425,280
23	PP Avnir Investors LLC	Office	212,701,350
24	Boro I Office The LLC	Office	212,372,130
25	JBG/Reston Executive Center LLC	Office, Apartments & Retail	208,355,400
Total			\$9,812,751,239

Source: Fairfax County Department of Tax Administration, January 1, 2021, tax rolls

¹ As of January 1, 2021, the assessed value of the real property of the 25 largest holders of real property in the County represented 3.60% of the total assessed value of all real property in Fairfax County, excluding tax-exempt properties. January 1, 2021, assessments generate tax revenue in FY 2022.

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**Real and Personal Property
Tax Levies and Tax Collections**

Fiscal Year	Total Levy¹	Current Collections²	% of Total Levy Collected³	Collection of Delinquent Taxes	Total Current & Delinquent Taxes⁴	% of Total Levy & Delinquent Taxes
2013	\$2,685,186,192	\$2,679,668,935	99.79	\$18,659,978	\$2,698,328,913	100.49
2014	2,789,010,004	2,776,199,493	99.54	21,735,390	2,797,934,883	100.32
2015	2,932,029,373	2,926,228,317	99.80	23,425,378	2,949,653,695	100.60
2016	3,027,718,274	3,019,636,276	99.73	21,161,598	3,040,797,874	100.43
2017	3,218,263,071	3,206,288,719	99.63	25,396,075	3,231,684,794	100.42
2018	3,274,550,619	3,266,018,208	99.74	25,377,255	3,291,395,463	100.51
2019	3,430,013,545	3,420,685,498	99.73	27,120,935	3,447,806,433	100.52
2020	3,554,208,059	3,540,095,440	99.60	29,312,937	3,569,408,377	100.43
2021	3,659,840,221	3,639,063,526	99.43	22,580,044	3,661,643,570	100.05
2022	3,722,368,342	3,697,431,430	99.33	23,100,952	3,720,532,382	99.95

Sources: Fairfax County Department of Management and Budget and Department of Tax Administration

¹ The total levy is the levy for General Fund real and personal property taxes and does not include the property tax levy for Special Revenue Funds, e.g. for refuse collection and community centers.

² Current collections do not include tax collections for the Special Revenue Funds or payments in lieu of taxes. As a result of revised accounting procedures, the collection of penalty and interest payments for late payments of current taxes is included in the collection of current taxes rather than under the collection of back taxes.

³ The percentage of levy is not the collection rate since current collections also include penalty and interest payments for late payments of current taxes.

⁴ FY 2013 through FY 2020 from Fairfax County Annual Comprehensive Financial Reports; FY 2021 and FY 2022 are estimates per the FY 2022 Adopted Budget Plan via the Department of Management and Budget and Department of Tax Administration. Estimates of tax collections for fiscal years 2021 and 2022 are subject to future adjustment to reflect potential impacts of the COVID-19 pandemic.

Section 58.1-3916 of the Code of Virginia authorizes Fairfax County, pursuant to Section 4-10-1 of the County Code, to impose a penalty of 10% for failure to pay taxes when due, with interest to be due on such taxes and penalty following the day such taxes are due at the rate of 10% per annum the first year and at the greater of 10% per annum and the rate established pursuant to Section 6621 of the Internal Revenue Code for the second and subsequent years of delinquency.

FINANCIAL INFORMATION

Five-Year Summary of Revenues, Expenditures and Fund Balances for the General Fund

The financial data shown in the following table represent a summary for the five fiscal years ended June 30, 2021, of the revenues, expenditures, and fund balances accounted for in the County's General Fund.

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	Fiscal Years Ended June 30				
	2017	2018	2019	2020	2021
REVENUES					
Taxes	\$3,516,899,229	\$3,589,886,690	\$3,747,031,873	\$3,875,613,475	\$3,987,017,016
Permits, fees, and licenses	52,201,079	52,723,373	55,876,219	54,006,590	57,091,315
Intergovernmental	356,846,491	355,433,536	358,732,841	418,199,405	492,467,179
Charges for services	81,264,762	82,679,276	85,564,413	72,748,807	37,731,261
Fines and forfeitures	15,947,672	15,227,392	15,223,620	12,289,139	6,294,096
Use of money and property	31,325,447	47,076,323	75,360,724	67,158,752	25,774,719
Recovered costs	8,960,041	9,234,813	10,573,978	7,586,746	8,502,496
Gifts, donations, and contributions	<u>890,976</u>	<u>1,221,172</u>	<u>1,352,426</u>	<u>1,994,833</u>	<u>612,547</u>
Total revenues	<u>\$4,064,335,697</u>	<u>\$4,153,482,575</u>	<u>\$4,349,716,094</u>	<u>\$4,509,597,747</u>	<u>\$4,615,490,629</u>
EXPENDITURES					
Current:					
General government administration	\$158,210,278	\$154,169,910	\$165,860,066	\$196,985,197	\$204,608,479
Judicial administration	56,018,395	57,378,283	60,449,751	62,189,796	61,256,531
Public safety	673,290,385	683,701,748	712,268,123	721,459,588	734,927,745
Public works	90,215,133	93,472,087	95,769,815	90,578,294	93,498,804
Health and welfare	391,618,833	398,899,103	412,322,298	430,321,393	378,540,159
Community development	62,174,038	64,198,596	67,543,752	69,654,301	88,912,424
Parks, recreation, and cultural	36,528,547	38,349,375	40,003,747	40,154,412	38,033,431
Intergovernmental:					
Community development	10,988,449	11,360,629	11,424,718	13,698,538	67,192,619
Parks, recreation, and cultural	33,129,930	34,155,180	35,656,948	35,316,698	37,909,623
Education - for Public Schools	1,926,706,345	1,980,106,487	2,067,345,801	2,149,231,439	2,156,536,123
Capital outlay:					
General government administration	11,545,792	14,037,641	21,822,724	17,997,369	23,472,494
Judicial administration	5,720	295,988	88,925	105,483	116,469
Public safety	1,851,101	2,055,229	2,385,861	2,563,235	1,721,862
Public works	247,960	31,250	216,212	39,018	86,002
Health and welfare	483,077	864,435	404,267	227,738	2,590,446
Community development	7,495	95,076	75,194	85,833	27,083
Parks, recreation, and cultural	3,676,970	4,063,338	4,091,628	4,369,355	4,374,410
Debt service:					
Principal retirement	857,156	866,604	876,157	885,815	895,579
Interest and other charges	<u>68,367</u>	<u>58,919</u>	<u>49,366</u>	<u>39,708</u>	<u>29,944</u>
Total expenditures	<u>\$3,457,623,971</u>	<u>\$3,538,159,878</u>	<u>\$3,698,655,353</u>	<u>\$3,835,903,210</u>	<u>\$3,894,730,227</u>
Revenues over (under) expenditures	\$606,711,726	\$615,322,697	\$651,060,741	\$673,694,537	\$720,760,402
OTHER FINANCING SOURCES (USES)					
Transfers in	\$21,572,105	16,440,411	6,753,319	13,276,664	7,139,163
Transfers out	(548,220,839)	(574,394,290)	(601,828,488)	(613,961,660)	(651,171,626)
Capital Leases	-	-	-	-	-
Total other financing sources (uses)	<u>(\$526,648,734)</u>	<u>(\$557,953,879)</u>	<u>(\$595,075,169)</u>	<u>(\$600,684,996)</u>	<u>(\$644,032,463)</u>
Net change in fund balances	80,062,992	57,368,818	55,985,572	73,009,541	76,727,939
Beginning Fund Balance	341,392,461	421,455,453	478,824,271	534,809,843	607,819,384
Ending Fund Balance	<u>\$421,455,453</u>	<u>\$478,824,271</u>	<u>\$534,809,843</u>	<u>\$607,819,384</u>	<u>\$684,547,323</u>

Source: Fairfax County Annual Comprehensive Financial Reports for the fiscal years ended June 30, 2017-2021, Exhibit A-3 - Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds.

Financial Policies

The Board of Supervisors has been guided by long-standing financial policies and guidelines in the conduct of financial management. The governing statement of financial policy is contained within the Ten Principles of Sound Financial Management (“Ten Principles”). Adopted by the Board of Supervisors in 1975 and amended as needed to address changing economic conditions and management practices, the Ten Principles have been reaffirmed and have guided each succeeding Board of Supervisors to establish strong fiscal management tools and practices. The Ten Principles provide for the integration of land use planning with capital and operating budgets; establish guidelines for the development of annual balanced budgets; stress the importance of maintaining positive cash balances; establish firm not to exceed limits to debt ratios; provide guidance on cash management, internal controls, and performance measurement; provide guidelines restricting the proliferation of underlying debt and use of moral obligation financing; and encourage the development of a diversified economy within the County.

In 1982, the Board of Supervisors adopted a financial policy requiring maintenance of a “Managed Reserve” in the General Fund beginning on July 1, 1982, at a level not less than 2% of General Fund disbursements. This Managed Reserve has been incorporated in the budget each fiscal year. This Managed Reserve was implemented to provide for temporary financing of unforeseen needs of an emergency nature and to permit orderly adjustment to changes resulting from termination of revenue sources through actions of other governmental bodies. In 1985, the Board of Supervisors adopted a policy on appropriations during quarterly budget reviews, which provides that non-recurring revenues should be used for either capital expenditures or other non-recurring expenditures and that quarterly review adjustments are not to exceed 2% of the General Fund disbursements. In addition, on September 13, 1999, the Board of Supervisors established a Revenue Stabilization Fund with a goal of reaching 3% of General Fund disbursements. As of the FY 2006 Third Quarter Review, the Revenue Stabilization Fund was fully funded at 3% of General Fund disbursements. This reserve is designed to address ongoing requirements in years of significant economic downturn. Criteria for withdrawals from the Revenue Stabilization Fund include (1) projected revenues must reflect a decrease of greater than 1.5% from the current fiscal year estimate, (2) withdrawals must not exceed one-half of the fund balance in any fiscal year, and (3) withdrawals must be used in combination with spending cuts or other measures.

From time to time the Board of Supervisors has amended the Ten Principles in order to address changing economic conditions and management practices. Changes adopted on April 21, 2015, reflect the Board’s commitment to increasing the County’s reserve policies and to continue to strengthen the County’s financial position. The Managed Reserve target was increased from 2% to 4% of General Fund disbursements and the Revenue Stabilization Fund target was increased from 3% to 5% of General Fund Receipts. In addition, an Economic Opportunity Reserve was established to stimulate economic growth and will provide for strategic investment opportunities that are identified as priorities by the Board of Supervisors. This reserve is fully funded at 1% of total General Fund disbursements. Funding for this reserve only occurs after the Managed Reserve and the Revenue Stabilization Fund are fully funded at their new levels of 4% and 5%, respectively. As of the FY 2022 Adopted Budget Plan, the FY 2022 projected balance has the Managed Reserve fully funded at \$182.6 million (4%) and the Revenue Stabilization Fund fully funded at \$228.2 million (5%). Also, the Economic Opportunity Reserve is now fully funded at \$45.8 million (1%).

Other policies and tools that have been designed to enhance the impact of the Ten Principles include annual adoption of budgetary guidelines, formal establishment of various expenditure, revenue, and special purpose reserves, capital improvement planning guidelines, policies for risk management, guidelines for acceptance of grant awards, and planning for information technology. Various tools in active use by the County include the annual budget, the Capital Improvement Program, revenue and

financial forecasts, and management initiatives such as a performance measurement program, a pay-for-performance management system, workforce planning, and various information technology initiatives.

Certain Financial Procedures

Description of Funds

The County's annual audited financial statements include the funds administered by the Board of Supervisors and the School Board. The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The transactions in each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues, and expenditures.

Budgetary Procedure

The County has no legal authority to borrow in anticipation of future years' revenues, except by the issuance of bonds or bond anticipation notes.

Prior to the beginning of each fiscal year, the Board of Supervisors adopts a budget plan consisting of contemplated expenditures and estimated revenues for such fiscal year. On the basis of the adopted budget plan, the Board of Supervisors appropriates funds for the expenditures, and establishes tax rates sufficient to produce the revenues, contemplated in the budget plan.

The annual budgeting process for a fiscal year begins in the first quarter of the previous fiscal year with the submission by agency directors of budget requests to the Department of Management and Budget. During the second quarter, budget requests are reviewed and meetings between the County Executive, Deputy County Executives, and agency directors are held to discuss agency requests. Upon receipt of the preliminary budget of the School Board in the third quarter, the County Executive prepares an initial budget for submission to the Board of Supervisors and proposes tax rates sufficient to produce revenues needed to meet expenditures contemplated in the initial budget. After work sessions with the Board of Supervisors and public hearings on the proposed budget, changes are made and the final budget is adopted. Tax rates are established prior to the beginning of the fiscal year for which the budget is prepared.

During the fiscal year, quarterly reviews of revenue and expenditures are undertaken by the County Department of Management and Budget. On the basis of these reviews, the Board of Supervisors revises appropriations as needed or desired.

Investment Management Policy

The County's Division of Investments and Cash Management operates under the direction of the Investment Committee comprised of the Chief Financial Officer, Director of the Department of Management and Budget, the Director of the Department of Finance, the Director of the Department of Tax Administration, and the Deputy Director of the Department of Finance. Guided by a formal investment policy, the Committee continually reviews the County's investment policies and strategies and monitors daily investment activity.

During FY 2021, the County's average portfolio size (which includes investments in the General Fund, Special Revenue Funds, and Enterprise Funds) was approximately \$3.7 billion. The funds are invested in U.S. Treasury obligations, obligations of the Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal Farm Credit Bank, and Fannie Mae, bankers' acceptances,

commercial paper (rated A1/P1 or higher), negotiable and non-negotiable and insured certificates of deposit, money market mutual funds limited to government obligations, corporate notes, bank notes, and other investments permitted under Virginia law for these purposes.

The County’s investment policy, which governs the pooled cash, and general obligation bond proceeds, portfolios prohibits investment in instruments generally referred to as derivatives, and the County does not employ leverage in its investments.

The Association of Public Treasurers of the United States and Canada has awarded the County a certification for its investment policy each year since 1998. To achieve certification, an investment policy must establish standards recognized in the profession as fostering prudent management of public funds.

General Fund Revenues, Expenditures, Transfers and Beginning Fund Balance

The General Fund is maintained by the County to account for revenue derived from Countywide ad valorem taxes, other local taxes, licenses, fees, permits, charges for services, certain revenue from federal and State governments, and interest earned on invested cash balances of the General Fund and Capital Project Funds. General Fund expenditures and transfers include the costs of general County government, transfers to the School Operating Fund to pay the local share of operating Fairfax County public schools, and transfers to the Debt Service and Capital Projects Funds to pay debt service on County general obligation bonds and for certain capital improvement projects.

General Fund Summary

Shown below are the County’s revenues, expenditures, transfers, and beginning fund balance of the General Fund for FY 2017 through FY 2021:

General Fund Revenues, Transfers In, and Beginning Fund Balance

	2017	2018	2019	2020	2021
General Property Taxes	\$3,003,139,306	\$3,062,962,780	\$3,218,786,090	\$3,339,797,219	\$3,437,912,778
Other Local Taxes	513,759,924	526,923,910	528,245,783	535,816,256	549,104,238
Permits, fees, and licenses	52,201,079	52,723,373	55,876,219	54,006,590	57,091,315
Intergovernmental	356,846,491	355,433,536	358,732,841	418,199,405	492,467,179
Charges for Services and Recovered Costs	90,224,803	91,914,089	96,138,391	80,335,553	46,233,757
Fines and Forfeitures	15,947,672	15,227,392	15,223,620	12,289,139	6,294,096
Use of money and property	31,325,447	47,076,323	75,360,724	67,158,752	25,774,719
Miscellaneous	890,976	1,221,172	1,352,426	1,994,833	612,547
Transfers In	21,572,105	16,440,411	6,753,319	13,276,664	7,139,163
Beginning Fund Balance	<u>341,392,461</u>	<u>421,455,453</u>	<u>478,824,271</u>	<u>534,809,843</u>	<u>607,819,384</u>
Total	<u>\$4,427,300,263</u>	<u>\$4,591,378,439</u>	<u>\$4,835,293,684</u>	<u>\$5,057,684,254</u>	<u>\$5,230,449,176</u>

Source: Fairfax County Annual Comprehensive Financial Reports for FY 2017-2021

General Fund Expenditures and Transfers Out

	2017	2018	2019	2020	2021
Transfer to School Operating Fund	\$1,926,618,902 ¹	\$1,980,019,600	\$2,067,259,207	\$2,149,116,697	\$2,156,422,211
Costs of General County Government	1,657,082,620	1,688,569,596	1,766,730,529	1,833,362,498	1,885,524,035
Transfer to Debt Service Funds	326,622,753	335,166,178	340,433,977	329,741,798	329,222,805
Transfer to Capital Project Funds	37,065,093	50,689,799	51,062,674	39,119,032	47,919,734
Transfer to Metro Construction and Operations Fund	13,557,955	13,557,955	20,695,098	43,950,424	43,950,424
Other Transfers	<u>44,897,487</u>	<u>44,551,040</u>	<u>54,302,356</u>	<u>54,574,421</u>	<u>82,862,640</u>
Total	<u>\$4,005,844,810</u>	<u>\$4,112,554,168</u>	<u>\$4,300,483,841</u>	<u>\$4,449,864,870</u>	<u>\$4,545,901,849</u>

Source: Fairfax County Annual Comprehensive Financial Reports for FY 2017-2021

¹ Excludes the operating contribution of \$87,443 to Northern Virginia Community College.

Revenues

The following is a discussion of the General Fund revenue structure.

General Property Taxes – An annual ad valorem tax is levied by the County on the assessed value of real and tangible personal property located within the County as of January 1 preceding the fiscal year in which such tax is due. The personal property tax on motor vehicles that acquire situs within the County or have title transferred on or after January 2 is prorated on a monthly basis. Real property and personal property are assessed at 100% of fair market value. Real property taxes are due on July 28 and December 5 of the fiscal year in which they are levied. The payment date for personal property taxes is October 5. The penalty for late payment is 10% of the amount due, and interest on delinquent taxes and penalties accrues at a rate of 1% per annum for real estate taxes and 5% per annum for personal property taxes. In cases of property on which delinquent taxes are not paid within three years, the County may sell the property at public auction to pay the amounts due. There is no legal limit at the present time on the property tax rates that may be established by the County. Property taxes (including delinquent payments, penalties, and interest) accounted for 74.5% of total General Fund revenues in FY 2021. However, this percentage does not include the reimbursement from the Commonwealth of Virginia for a portion of the personal property tax. Including the reimbursement reflected in Intergovernmental revenue, the percentage of revenue from property taxes in FY 2021 was 79.1%. A description of the Commonwealth’s plan to reduce personal property taxes follows.

During its 1998 Special Session, the General Assembly of Virginia enacted legislation to reduce personal property taxes applicable to individually owned motor vehicles. The reduction, which applies to the first \$20,000 in assessed value, was scheduled to be phased in over a five-year period. The legislation states that the Commonwealth will reimburse local governments for the revenue lost from the reduction in personal property tax collections. In fiscal years subsequent to the legislation personal property taxes paid by citizens steadily reduced until such reduction equaled 70% in 2002. Due to Commonwealth budget constraints, the 2003 Virginia General Assembly temporarily froze the tax reduction at 70%. The 2005 General Assembly revised this measure further to limit its tax relief payments to all localities to a total of \$950 million per tax year beginning with 2006 (fiscal year 2007). The County’s fixed share of the \$950 million is \$211,313,944, as determined by its share of the total payments made to all localities by

the Commonwealth during calendar years 2004 and 2005 for tax year 2004 (fiscal year 2005). The County's total personal property tax collections for FY 2021 were \$642.4 million, comprised of \$431.1 million paid by taxpayers and \$211.3 million reimbursed by the Commonwealth of Virginia as Intergovernmental Revenue.

Other Local Taxes – The County levies various other local taxes, including a 1% local sales tax (collected by the Commonwealth and remitted to the County), a tax on consumer utility bills based on consumption for gas and electric services and a 5% communications sales tax which is imposed on the charge for or sale of communications services. Also included in this category are a cigarette tax of \$0.30 per pack, property recordation taxes, an automobile license tax, and various businesses, professional, and occupational licenses taxes. These taxes accounted for 11.9% of total General Fund revenues in FY 2021.

Permits, Privilege Fees, and Licenses – The County requires that licenses or permits be obtained in order to perform certain activities in the County and that fees be paid for services provided by certain County departments. These revenues represented 1.2% of total General Fund revenues for FY 2021.

Fines and Forfeitures – The sources of revenue in this category include court fines and penalties from the Circuit Court and the General District Court and court fines, costs from the Juvenile and Domestic Relations District Court and fines for traffic violations, misdemeanors, and felonies. In addition, the County receives revenues from parking violations as authorized under the County Code. Revenues in this category represented 0.1% of General Fund revenues in FY 2021.

Use of Money and Property – The principal sources of revenue to the General Fund from the use of money and property are interest on General Fund and Capital Project Fund investments and minor amounts of revenue from the sale and lease of County equipment and property. These revenues represented 0.6% of General Fund revenues in FY 2021.

Charges for Services and Recovered Costs – The principal sources of revenue to the General Fund from charges for services are County Clerk fees, school age child care fees, recreation fees, publication sales and various other services for which the County charges a fee. Revenues in this category represented 1.0% of General Fund revenues in FY 2021.

Intergovernmental Revenue – Intergovernmental revenue is comprised of revenue from the Commonwealth, revenue from the federal government, and revenue from local government. Revenues in this category represented 10.7% of General Fund revenues in FY 2021. This percentage includes the revenue that the County receives from the Commonwealth as reimbursement for the County's personal property tax. Each revenue source within intergovernmental revenue is described below.

Revenue from the Commonwealth – The County is reimbursed by the Commonwealth for a portion of shared expenses, including certain expenditures for social services, the sheriff's office, courts, the Office of the Commonwealth Attorney, and other constitutional offices. Additionally, the County receives a share of the net profits from the State Alcoholic Beverage Control Board's liquor sales and state contributions to assist in meeting law enforcement expenditures. As mentioned in the section concerning General Property Taxes, the Commonwealth also reimburses the County for a portion of its personal property tax on vehicles. Including the reimbursement for the County's personal property tax, revenues from this category represented 6.7% of total General Fund revenues in the fiscal year ended June 30, 2021. Excluding this reimbursement, revenue from this category represented 2.1% of General Fund revenue in FY 2021. The County receives a significant amount of additional State aid in support of public school operations. These revenues are credited directly to the School Operating and School Lunch Funds, however, and are not reflected in the General Fund.

Revenue from the Federal Government – The principal sources of categorical federal aid to the General Fund are federal grant money supporting human service programs such as supplemental nutrition, temporary assistance for needy families, foster care, adoption assistance, and medical assistance for clients of the Department of Family Services. This revenue category represented 3.8% of General Fund revenues in FY 2021.

Revenue from Local Government – The principal sources of local government revenues are reimbursement from the Public Schools System for school nurses and reimbursement from the Park Authority for the debt service. This revenue category represented 0.2% of General Fund revenues in FY 2021.

Miscellaneous Revenues – The sources of revenue in this category include the sale of land and buildings, contract rebates, and other miscellaneous sources. These revenue sources accounted for 0.01% of General Fund revenue in FY 2021.

Expenditures and Transfers

The following is a discussion of the major classifications of General Fund expenditures and transfers.

Transfer to School Operating Fund – The County transfers money from the General Fund to the School Operating Fund to pay the County’s share of the costs of operating public schools in Fairfax County. This transfer represented approximately 47.4% of total disbursements from the General Fund in the fiscal year ended June 30, 2021. The transfer to the School Operating Fund was approximately 69.3% of total receipts of the School Operating Fund. Other revenues credited directly to the School Operating and School Lunch Funds include revenue from the Federal Government, the Commonwealth, the City of Fairfax (representing tuition of students residing in the City of Fairfax who attend Fairfax County schools), and other revenue derived locally from sale of textbooks, school lunches, etc.

Costs of General County Government – The County pays the costs of general County government from the General Fund. These costs include expenditures for general government administration, judicial administration, public safety, public works, health and welfare, parks, recreational and cultural programs, and community development. This classification was approximately 41.5% of total General Fund disbursements in FY 2021.

Transfer to Debt Service Fund – The County transfers from the General Fund to the Debt Service Fund amounts sufficient to pay principal and interest on outstanding County and School debt including general obligation bonds and EDA and FCRHA revenue bonds. Transfers to the Debt Service Fund represented 7.2% of total General Fund disbursements in FY 2021. Effective FY 2006, Fairfax County Public Schools (FCPS) transfers from its operating fund to the County’s Debt Service Fund an amount sufficient to pay principal and interest on the applicable portion of the 2014A County Facilities Projects Bonds.

Transfer to Capital Project Funds – The County transfers money from the General Fund to the Capital Project Funds to pay the cost of certain capital improvements. The General Fund transfer to the Capital Project Funds (except for the General Fund transfer for Fairfax County’s obligations to WMATA, which is discussed below) represented 1.1% of total General Fund disbursements in FY 2021.

Transfer to Metro Construction and Operations Fund – The County is a member jurisdiction of WMATA and as such has agreed to make certain capital contributions in support of the construction by WMATA of a rail transit system to serve the Washington metropolitan area (which includes the County)

and to pay a portion of the deficit incurred by WMATA in the operation of its bus system and rail system. The County generally has used bond proceeds to fund its capital contributions to WMATA and has transferred money from the General Fund to pay its share of the bus and rail operating subsidies. The General Fund transfer to the Metro Construction and Operations Fund to pay the County's share of the system's operating subsidies represented 1.0% of total General Fund disbursements in FY 2021. See the subsection herein entitled "GOVERNMENT SERVICES – Transportation" for a more complete discussion of the County's obligations with respect to WMATA.

Other Transfers – The County transfers money from the General Fund to other funds for a variety of purposes. The General Fund transfer to other funds includes transfers to the County Transit Systems, Information Technology, Aging Grants and Programs, Community-Based Funding Pool, Housing Programs for the Elderly, Health Benefits Trust, and Equipment Management and Transportation Agency. Transfers to other funds were 1.8% of total General Fund disbursements in FY 2021.

Transfer to Revenue Stabilization Fund – Beginning in FY 2000, the County began setting aside money in the General Fund for a Revenue Stabilization Fund to address significant revenue reductions during severe, prolonged economic downturns. The Revenue Stabilization Fund represented 33.4% of the total fund balance in the General Fund as of June 30, 2021.

FY 2022 Budget

On May 3, 2021, the Board of Supervisors approved the FY 2022 Adopted Budget Plan. This budget was based on total revenues of \$4.52 billion, which is an increase of 1.4 percent over the FY 2021 Adopted Budget Plan. Residential equalization increased 4.25 percent and commercial equalization decreased 4.05 percent, resulting in an overall 2.88 percent increase in real estate values. The County's real estate tax rate was reduced from \$1.15 per \$100 of assessed value to \$1.14 per \$100 of assessed value.

FY 2022 General Fund Adopted Disbursements total \$4.53 billion, which is a 1.2 percent increase above the FY 2021 Adopted Budget Plan. County support to Fairfax County Public Schools is equal to \$2.38 billion, which is a 1.2 percent increase over the FY 2021 Adopted Budget Plan, and 52.6 percent of FY 2022 Disbursements. Also, funding is provided for a one percent market rate adjustment for all County employees, additional investments in public safety and human services, which are partially offset by departmental reductions and operational savings. The County will continue with a Mid-Year FY 2022 Budget Review (January 2022) as done previously in FY 2021, and the FY 2022 Third Quarter Review (Spring 2022) that coincides annually as part of the budget process.

On December 7, 2021, the FY 2022 Mid-Year Budget Review was presented to the Board of Supervisors. Audit adjustments and revenues net to \$22.7 million largely due to increases in Personal Property, Sales Tax, Business Licenses, and Transient Occupancy Tax, and are partially offset by decreases in School-Age Child Care fees due to COVID-19 related capacity constraints. Expenditures were adjusted by \$14 million to provide fund for a construction escalation reserve, investment in bike and pedestrian projects, and various county operational requirements. After adjusting the County's reserves for \$2.2 million, a net available balance remains of \$6.5 million. The Board of Supervisors is scheduled to consider the FY 2022 Mid-Year Review as part of its January 25, 2022, Board meeting.

FY 2023 Budget

As of November 2021, the County's FY 2023 Budget Forecast reflected an estimated balanced County budget based on the following assumptions. Revenue growth is projected at 5.7 percent over the FY 2022 Adopted Budget Plan, driven largely by real estate taxes at the current rate of \$1.14 per \$100 of

assessed value, and continued increases in Personal Property Tax, Sales Tax, Business Licenses, and Transient Occupancy Tax. Disbursements included in the forecast provided funding for employee compensation and benefits, debt service requirements, and recurring adjustments initially funded as part of the FY 2022 Carryover Review and with stimulus funds. County staff continue to review all budget requests and monitor revenue trends, and make further adjustments as necessary. The County Executive's FY 2023 Advertised Budget Plan is anticipated to be presented to the Board of Supervisors in February 2022.

CAPITAL IMPROVEMENT PROGRAM

In connection with the County's adopted comprehensive land use plan, the Fairfax County Planning Commission annually prepares and submits to the Board of Supervisors a capital improvement program ("CIP") for the ensuing five-year period. The CIP is designed to balance the need for public facilities as expressed by the County's land use plan with the fiscal capability of the County to provide for those needs.

The CIP is an integral element of the County's budgeting process. The five-year document serves as a general planning guide for the construction of general purpose, school and public utility projects in the County. The CIP is updated and approved by the Board of Supervisors each year. This annual review process prompts careful attention to the development of reliable capital expenditure and revenue estimates and the timely scheduling of bond referenda.

In connection with the CIP process, the Board of Supervisors has adopted certain policy guidelines for the development and financing of the CIP. These guidelines include self-imposed restrictions on the issuance of general obligation bonds designed to keep General Fund supported debt service expenditures less than 10% of total Combined General Fund disbursements, and to maintain the ratio of bonded indebtedness to the market value of taxable property in the County at a level less than 3.0%.

The Board of Supervisors continues to review the County's debt program in light of current fiscal conditions and capital needs. Currently, general obligation bond sales for new money projects are limited to an average of \$300 million per year with a maximum limit of \$325 million in a single year. The CIP for fiscal years 2022-2026 (along with estimates for fiscal years 2027 to 2031) was approved by the Board of Supervisors on April 27, 2021. The County program includes new construction, renovation and renewal of school facilities, parks, housing development, revitalization, storm water management, public safety and courts, libraries, human services, solid waste, sewers, and transportation. Significant capital construction activity from FY 2022-2031 totaling \$10.49 billion is anticipated for the County, in addition to \$0.88 billion in regional parks and water supply projects that are undertaken within the County to benefit County residents but not managed or funded directly by the County. The total capital construction activity to be financed by the County totals \$11.37 billion from FY 2022-2031.

On December 7, 2021, the Board of Supervisors approved an additional increase to the County's bond sale limits from \$300 million to \$400 million with the County and the Schools each receiving an additional \$50 million. This increase was the result of a recommendation from a yearlong Joint Board of Supervisors and School Board Capital Improvement Committee that concluded its work in fall 2021. Applicable updates to the County's Ten Principles of Sound Financial Management with respect to these revised bond sale limits will be included as part of the FY 2023 budget process. The actual amount of bond sales will be determined by the standard annual review of construction funding requirements and municipal bond market conditions.

As part of the 2020 legislative session, the Virginia General Assembly voted to provide localities the authority to require that, for construction contracts paid for, in whole or in part, with funds of the locality, “bidders, offerors, contractors, and subcontractors” must “pay wages, salaries, benefits, and other remuneration to any mechanic, laborer, or worker employed, retained, or otherwise hired to perform services in connection with the public contract at the prevailing wage rate.” For purposes of the Virginia Code, the prevailing wage rate is determined by the Commonwealth’s Commissioner of Labor and Industry “on the basis of applicable prevailing wage rate determinations made by the U.S. Secretary of Labor under the provisions of the Davis-Bacon Act.” The Board’s Legislative Committee received a presentation about the prevailing wage at its March 16, 2021, and October 26, 2021, meetings. At the December 7, 2021, Board of Supervisors meeting, County staff presented a draft prevailing wage ordinance for discussion. The Board is scheduled to hold a public hearing on the draft prevailing wage ordinance on January 25, 2022.

RETIREMENT SYSTEMS

Fairfax County administers four separate public employee retirement systems that provide pension benefits for various classes of County employees: Fairfax County Employees’ Retirement System (“ERS”), Fairfax County Police Officers Retirement System (“PORS”), Fairfax County Uniformed Retirement System (“URS”), and the Educational Employees’ Supplemental Retirement System of Fairfax County (“ERFC”). In addition, professional employees of the Fairfax County Public Schools participate in a plan sponsored and administered by the Virginia Retirement System (“VRS”).

The Fairfax County retirement systems investments are managed by independent professional investment managers. Investments in derivatives are not made for speculative purposes but may be used by investment managers to gain access to markets, to reduce risk, or to reduce transaction costs.

In fiscal year 2015, the County implemented GASB No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 establishes the standards for accounting and reporting employee pension plans including the recognition and measurement of liabilities, deferred inflows and outflows, expenses and expenditures. The tables below are presented in conformity with GASB Statement No. 68.

As of June 30, 2020, membership in the reporting entity’s plans consisted of the following:

Description	Primary Government			Component Unit – Public Schools
	ERS	PORS	URS	
Retirees and beneficiaries receiving benefits	9,824	1,202	1,462	ERFC 12,842
Terminated employees entitled to, but not yet receiving, benefits	2,349	70	98	5,415
Deferred Retirement Option Plan participants	785	74	128	N/A
Active employees	14,204	1,353	1,941	22,360

Source: Fairfax County Annual Comprehensive Financial Report for FY 2021

Fairfax County Employees' Retirement System (ERS)

Plan Description

The Fairfax County Employees' Retirement System (ERS) is a legally separate single-employer defined benefit pension plan established under the Code of Virginia which covers only employees of the reporting entity. The plan covers full-time and certain part-time employees of the reporting entity who are not covered by other plans of the reporting entity or the VRS. This is the only plan that provides pension benefits to both the primary government and component units. The balances have been allocated in the financial statements as follows: County 68.9 percent including business type activities, FCPS 25.9 percent, EDA 0.4 percent, FCRHA 1.6 percent, FCPA 3.2 percent of all totals.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. Members who were hired before January 1, 2013, had the option to elect to join Plan A or Plan B, and members who were hired on or after January 1, 2013, may elect to join Plan C or Plan D. Members who were hired on or after July 1, 2019, are automatically enrolled in Plan E. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of service, (b) for Plans A and B, attain the age of 50 with age plus years of service being greater than or equal to 80, or (c) for Plans C, D, and E, 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. For Plans A, B, C, and D, if normal retirement occurs before Social Security benefits are scheduled to begin, an additional monthly benefit is paid to retirees. Plan E eliminates the pre-Social Security Supplement; however, there is a cost-neutral Early Age Option for employees who retire prior to full retirement age under Social Security. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. Those who commenced employment on or after January 1, 2013, may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or entry into the Deferred Retirement Option Program ("DROP"). The benefit for early retirement is actuarially reduced and payable at early termination.

On December 4, 2018, the Fairfax County Board of Supervisors voted to approve changes to ERS, for employees hired on or after July 1, 2019, who will participate in a new plan. The changes include eliminating the pre-Social Security Supplement and eliminating the one-time 3 percent calculated retirement annuity increase from the plan. Changes also include the addition of a cost-neutral Early Age Option for employees who retire prior to full retirement age under Social Security.

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

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 percent of compensation up to the maximum Social Security wage base and 5.33 percent of compensation

in excess of the wage base. Plan B, Plan D, and Plan E require member contributions of 5.33 percent of compensation.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2021, was 28.35 percent of annual covered payroll. The employer contribution made during the measurement period of the liability was \$234,743,643. The FY 2021 employer contribution totaled \$227,846,281.

Schedule of Changes in Net Pension Liability and Related Ratios (Dollar amounts in thousands)

ACFR Reporting Year Measurement Date June 30 of prior year	2021
Total Pension Liability	
Service cost	\$103,313
Interest	415,149
Changes in benefit terms	-
Differences between expected and actual experience	(5,461)
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(343,616)
Net change in total pension liability	169,385
Total pension liability – beginning	5,791,681
Total pension liability – ending	\$5,961,066
Plan Fiduciary Net Position	
Contributions – employer	234,743
Contributions – member	40,327
Net investment income	111,442
Benefit payments, including refunds of member contributions	(343,616)
Administrative expense	(2,471)
Net change in plan fiduciary net position	40,425
Plan fiduciary net position – beginning	4,101,638
Plan fiduciary net position – ending	\$4,142,063
Net pension liability – ending	\$1,819,003
Plan fiduciary net position as a percentage of the total pension liability	69.5%
Covered employee payroll	\$828,020
Net pension liability as a percentage of covered employee payroll	219.7%

Source: Fairfax County Annual Comprehensive Financial Report for FY 2021

Administration

There are ten members of the ERS Board of Trustees. Four members are appointed by the Board of Supervisors. Three members are elected representing the following groups: County employees, Schools employees, and retired employees. The Fairfax County Director of Human Resources and the Director of Finance serve as ex-officio members of the board, along with an appointee from the Fairfax County Public Schools system.

Professional Services

An independent auditor and actuary are hired to provide service to the fund.

Fairfax County Police Officers Retirement Systems (PORS)

Plan Description

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

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. Based on sworn in date, individuals were enrolled in Plan A, Plan B or Plan C. To be eligible for normal retirement, an individual must meet the following criteria: for Plan A (if sworn in before December 31, 2012) attain the age of 55 or have completed 25 years of creditable service (20 years of creditable service if sworn in prior to July 1, 1981); for Plan B (sworn on or after January 1, 2013) and for Plan C (sworn on or after July 1, 2019) attain the age of 55 or have completed 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. For Plan B and Plan C, individuals may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or DROP entry. For Plan C, individuals are not eligible for the one-time 3 percent calculated retirement annuity increase from the plan. To be eligible for early retirement, the employee must have 20 years of creditable service (does not apply if sworn in before July 1, 1981). The benefit for early retirement is actuarially reduced and payable at early termination.

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

Funding Policy

All contribution requirements for PORS are established and may be amended by County ordinances, including member contribution rates. Member contributions were based on 8.65 percent of compensation at June 30, 2020.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2021, was 41.60 percent of annual covered payroll. The employer contribution made for the measurement period of the liability was \$50,781,403. The FY 2021 employer contribution totaled \$50,348,130.

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Schedule of Changes in Net Pension Liability and Related Ratios (Dollar amounts in thousands)

ACFR Reporting Year Measurement Date June 30 of prior year	2021
Total Pension Liability	
Service cost	\$ 32,944
Interest	128,461
Differences between expected and actual experience	(5,785)
Changes in assumptions	-
Benefit payments, including refunds of member contributions	(84,449)
Net change in total pension liability	<u>71,171</u>
Total pension liability – beginning	<u>1,780,416</u>
Total pension liability – ending	<u>\$1,851,587</u>
Plan Fiduciary Net Position	
Contributions – employer	\$50,781
Contributions – member	10,570
Net investment income	(59,355)
Benefit payments, including refunds of member contributions	(84,449)
Administrative expense	(656)
Net change in plan fiduciary net position	<u>(83,109)</u>
Plan fiduciary net position – beginning	<u>1,483,674</u>
Plan fiduciary net position – ending	<u>\$1,400,565</u>
Net pension liability – ending	<u>\$451,022</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>75.6%</u>
Covered employee payroll	\$122,071
Net pension liability as a percentage of covered employee payroll	<u>369.5%</u>

Source: Fairfax County Annual Comprehensive Financial Report for FY 2021

Administration

There are seven members of the PORS Board of Trustees. Three members are appointed by the Board of Supervisors. Two members are active employee elected representatives, and one member is a retiree elected representative. The Fairfax County Director of Finance serves as an ex-officio member of the board.

Professional Services

Independent auditor, actuary and investment consultants are hired to provide service to the fund.

Fairfax County Uniformed Retirement System (URS)

Plan Description

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

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. Employees hired before July 1, 1981, were enrolled in Plan A. Plan A members were given the opportunity to enroll in Plan B as of July 1, 1981, and to enroll in Plan C as of

April 1, 1997. From July 1, 1981, through March 31, 1997, all new hires were enrolled in Plan B. Plan B members were given the opportunity to enroll in Plan D as of April 1, 1997. From April 1, 1997, through December 31, 2012, all new hires were enrolled in Plan D. From January 1, 2013, forward, all new hires are enrolled in Plan E. From July 1, 2019, forward, all new hires are enrolled in Plan F. To be eligible for normal retirement an individual must meet the following criteria: (a) attain the age of 55 with six years of creditable service, or (b) complete 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Washington Consolidated Metropolitan Statistical Area. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. Those enrolled in Plan E and Plan F may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or DROP entry. For Plan F, individuals are not eligible for the one-time 3 percent calculated retirement annuity increase from the plan. In addition, Plan F eliminates the pre-Social Security Supplement; however, there is a cost neutral Early Age Option for employees who retire prior to full retirement age under Social Security. To be eligible for early retirement, employees must have 20 years of creditable service. The benefit for early retirement is actuarially reduced and payable at early termination.

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

Funding Policy

All contribution requirements for URS are established and may be amended by County ordinances, including member contribution rates. Plan A requires member contributions of 4.0 percent of compensation up to the Social Security wage base and 5.75 percent of compensation in excess of the wage base. Plan B requires member contributions of 7.08 percent of compensation up to the Social Security wage base and 8.83 percent of compensation in excess of the wage base. Plan C requires member contributions of 4.0 percent of compensation. Plan D, Plan E, and Plan F require contributions of 7.08 percent of compensation.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2021, was 38.44 percent of annual covered payroll. The employer contribution made for the measurement period of the liability was \$69,930,974. The FY 2021 employer contribution totaled \$69,464,042.

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Schedule of Changes in Net Pension Liability and Related Ratios (Dollar amounts in thousands)

ACFR Reporting Year Measurement Date June 30 of prior year	2021
Total Pension Liability	
Service cost	\$43,435
Interest	159,360
Differences between expected and actual experience	(6,625)
Changes in assumptions	-
Benefit payments, including refunds of member contributions	(111,543)
Net change in total pension liability	<u>84,627</u>
Total pension liability – beginning	<u>2,209,430</u>
Total pension liability – ending	<u>\$2,294,057</u>
Plan Fiduciary Net Position	
Contributions – employer	\$69,931
Contributions – member	12,810
Net investment income	(22,161)
Benefit payments, including refunds of member contributions	(111,543)
Administrative expense	(667)
Net change in plan fiduciary net position	<u>(51,630)</u>
Plan fiduciary net position – beginning	<u>1,813,733</u>
Plan fiduciary net position – ending	<u>\$1,762,103</u>
Net pension liability – ending	<u>\$531,954</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>76.8%</u>
Covered employee payroll	\$180,049
Net pension liability as a percentage of covered employee payroll	<u>295.5%</u>

Source: Fairfax County Annual Comprehensive Financial Report for FY 2021

Administration

There are eight members of the URS Board of Trustees. Three members are appointed by the Board of Supervisors. Three members are employee elected representatives comprised of two members from the Fire and Rescue Department, and one member from the Sheriff’s Department. The Fairfax County Director of Finance and Director of Human Resources serve as ex-officio members of the board.

Professional Services

An independent auditor and actuary are hired to provide service to the fund.

Educational Employees’ Supplementary Retirement System of Fairfax County (ERFC)

Plan Description

The Educational Employees’ Supplementary Retirement System of Fairfax County (“ERFC”) is a legally separate single-employer retirement system established under the Code of Virginia. The ERFC covers all full-time educational and civil service employees who are employed by the Public Schools and who are not covered by other plans of the reporting entity. The ERFC 2001 is the retirement plan for members of the ERFC whose membership commenced on or after July 1, 2001.

Benefit provisions for ERFC and ERFC 2001 are established and may be amended by ERFC’s Board of Trustees (ERFC Board) subject to approval by the School Board. All members are vested for benefits after five years of service. The ERFC benefit formula was revised effective July 1, 1988,

following changes to VRS, which ERFC has historically supplemented. The benefit structure is designed to supplement VRS and Social Security benefits to provide a level retirement benefit throughout retirement.

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

ERFC and ERFC 2001 provide for a variety of benefit payment types. ERFC's payment types include Service Retirement, Reduced Service, Disability, Death-in-Service, and Deferred Retirement. ERFC 2001's payment types include Service Retirement, Death-in-Service, and Deferred Retirement. ERFC's minimum eligibility requirements for receipt of full benefits range from members attaining the age of 55 with 25 years of service to completing five years of service prior to age 65. The minimum eligibility requirements for full benefits for ERFC 2001 Tier 1 members are age 60 with five years of service or any age with 30 years of service. The minimum eligibility requirements for full benefits for ERFC Tier 2 members are full Social Security age with five years of service or age and service equal 90 (the rule of 90). Annual post-retirement cost-of-living increases are effective each March 31. Participants in their first full year of retirement from ERFC 2001 Tier 1 receive a 1.49 percent increase. Participants who retire on or after January 1 receive no cost-of-living increase that first March. Under ERFC 2001 Tier 2, the first cost-of-living increase will equal approximately half of the full amount. Thereafter, the full cost-of-living increase will equal 100 percent of the Consumer Price Index for all Urban Consumers for the Washington, D.C. metropolitan area for the period ending in November of each year, capped at 4%. Additional details regarding benefit payment types can be found in the actuarial valuation and the Plan Documents.

Funding Policy

All contribution requirements for ERFC plans are established and may be amended by the ERFC Board with the approval of the School Board. The requirements are based upon a fundamental financial objective of having rates of contribution that remain relatively level from generation to generation of employees. To determine the appropriate employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, ERFC has actuarial valuations prepared annually. Members are required to contribute 3 percent of annual salary. The employer is required to contribute at an actuarially determined rate which was 6.44 percent for fiscal year 2021. Employer contributions to the pension plan were \$104,784,310 and \$104,741,255 for the years ended June 30, 2021, and June 30, 2020, respectively.

The actuarial valuations are used to set the employer contribution rate for the two-year period beginning 18 months after the valuation date. As such, the December 31, 2017, valuation recommended that the contribution rate for the two-year period beginning July 1, 2019, to June 30, 2021, be increased from 6.26 percent to 6.44 percent.

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Schedule of Changes in Net Pension Liability and Related Ratios (Dollar amounts in thousands)

ACFR Reporting Year Measurement Date June 30 of prior year	2021
Total Pension Liability	
Service cost	\$92,719
Interest	243,579
Changes of Benefit Terms	-
Differences between expected and actual experience	(12,696)
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(185,986)
Net change in total pension liability	<u>137,616</u>
Total pension liability – beginning	<u>3,406,341</u>
Total pension liability – ending	<u>\$3,543,957</u>
Plan Fiduciary Net Position	
Contributions – employer	\$104,741
Contributions – member	49,096
Net investment income	108,472
Benefit payments, including refunds of member contributions	(185,986)
Administrative expense	(4,381)
Net change in plan fiduciary net position	<u>71,942</u>
Plan fiduciary net position – beginning	<u>2,521,442</u>
Plan fiduciary net position – ending	<u>\$2,593,384</u>
Net pension liability – ending	<u>\$950,573</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73.2%</u>
Covered employee payroll	\$1,626,417
Net pension liability as a percentage of covered employee payroll	<u>58.5%</u>

Source: Fairfax County Annual Comprehensive Financial Report for FY 2021

Administration

The Board is composed of seven members: three are appointed by the School Board, and three are elected by active ERFC members. The six combined Board members recommend someone who is not affiliated with FCPS for the seventh position, which is subject to approval by the School Board.

Professional Services

An independent auditor and actuary are hired to provide service to the fund.

Virginia Retirement Systems (VRS)

Plan Description

FCPS contributes to VRS on behalf of its covered professional employees. VRS is a cost-sharing, multiple-employer retirement system, which administers two defined benefit plans and a hybrid plan that combines the features of a defined benefit plan and a defined contribution plan. These plans are administered by the Commonwealth and provide coverage for Commonwealth employees, public school board employees, employees of participating political subdivisions, and other qualifying employees. All full-time, salaried, permanent employees of VRS-participating employers are automatically covered under VRS. All employees hired after January 1, 2014, are automatically enrolled in the Hybrid Plan. Contributions made by members and participating VRS employers are invested to provide future retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Funding Policy

The contribution requirement for active employees is governed by Section 51.1-145 of the Code, as amended, but may be affected as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.0 percent of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2021, was 16.62 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the Code, as amended, the contributions were funded at 100 percent of the actuarial rate for the year ended June 30, 2021. Employer contributions to the pension plan were \$270,303,058 and \$255,030,396 for the years ended June 30, 2021, and June 30, 2020, respectively.

Fairfax County Retirement Systems – Plan Revisions from the Board of Supervisors

As directed by the Board of Supervisors, the Fairfax County Department of Human Resources contracted with a benefits consultant to conduct a comprehensive retirement study. Based on the results of this study, the Board of Supervisors, as part of their mark-up of the FY 2013 Adopted Budget Plan on April 24, 2012, reaffirmed the County's commitment to a defined benefit plan model for current employees and for new hires. The Board also directed staff to prepare revisions to the Fairfax County Code to incorporate several modifications to the retirement systems, to apply only to new employees who are hired after January 1, 2013. These changes included increasing the minimum retirement age from 50 to 55 in the Employees' system, increasing the rule of 80 to the rule of 85 in the Employees' system, removing the pre-Social Security Supplement from DROP accounts in the Employees' system and the Uniformed system, and placing a cap on the use of sick leave for retirement purposes at 2,080 hours for all three retirement systems.

During 2017 and 2018, the Board of Supervisors again directed County staff to review its retirement plans. A retirement workgroup was established consisting of Board members and employee group representatives that included presentations and group discussions on retirement demographics, trends, potential benefit changes. Following a public hearing on December 4, 2018, the Board of Supervisors approved changes for new employees hired on or after July 1, 2019. These changes included the elimination of the Pre-Social Security supplement for the Employees' and Uniformed systems, and the elimination of a prior provision that increased the annual annuity calculation by 3 percent for the Employees, Uniformed, and Police Retirement plans.

Fairfax County - Other Post-Employment Benefits (OPEB)

Plan Description and Administration

The Fairfax County OPEB Plan (the Plan) is a single-employer defined benefit plan administered by Fairfax County. 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 Deferred Compensation Board. The members of the Deferred Compensation Board are the CFO, Director of Finance, Director of Human Resources, Director of Management and Budget, and the Executive Director of the Retirement Agency. The Plan does not issue a stand-alone financial report.

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 or the 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. Consequently, all inactive employees are considered to be receiving benefits.

Participant data for fiscal years 2020 and 2021 is as follows:

Membership	FY 2020	FY 2021
Medical Members		
Number of Active Members	13,579	15,490
Average Age	44	45
Average Service	11	11
<u>Number of Inactive Members</u>		
Retirees and Spouses	5,437	5,667
Average Age	67	67
Life Insurance Members		
Number of Active Members	13,579	15,490
Average Age	44	45
Average Service	11	11
<u>Number of Inactive Members</u>		
Retirees and Spouses	5,927	6,086
Average Age	68	69

Source: Fairfax County Annual Comprehensive Financial Report FY 2021

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Statement of Changes in Net Position for the Fiscal Year ended June 30, 2021 – OPEB Trust Fund

ADDITIONS:	<u>2021</u>
Contributions:	
Employer	\$17,974,135
Other	<u>97,913</u>
Total Contributions	<u>\$18,072,048</u>
Investment Income from Investment Activities:	
Net (appreciation) in fair value of investments	\$98,714,550
Interest	<u>97,913</u>
Total Income from Investment Activities	<u>\$98,720,422</u>
Less Investment Activities Expenses:	
Management Fees	\$277,002
Other	<u>500</u>
Total Investment Activities Expenses	<u>\$277,502</u>
Net Income from Investment Activities	<u>\$98,442,920</u>
Net investment income	<u>\$98,442,920</u>
Total Additions	<u>\$116,514,968</u>
DEDUCTIONS:	
Benefits	\$23,252,169
Administrative Expenses	<u>130,788</u>
Total Deductions	<u>\$23,382,957</u>
Net Increase	<u>\$93,132,011</u>
Net Position - July 1, 2020	<u>330,764,357</u>
Net Position - June 30, 2021	<u>\$423,896,368</u>

Source: Fairfax County Annual Comprehensive Financial Report FY 2021

Net OPEB Liability for the Plan

The Plan's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability for the Plan are as follows:

Total OPEB Liability	\$381,809,735
Plan Fiduciary Net Position (Market Value of Assets)	<u>(423,896,368)</u>
Net OPEB Liability	<u>(\$42,086,633)</u>
Plan Fiduciary Net Position as % of Total OPEB	111.0%

Source: Fairfax County Annual Comprehensive Financial Report FY 2021

Fairfax County Public Schools - Other Post-Employment Benefits (OPEB)

Plan Description and Administration

The Fairfax County Public Schools OPEB Trust Fund is a single-employer defined benefit plan administered by the Fairfax County Public Schools (“Public Schools”). Public Schools’ plan provides health benefits to eligible retirees and their spouses. The plan benefits correspond with benefits available to active employees. Benefit provisions are established and may be amended by the School Board. Fiduciary oversight is provided by the members of the Local Finance Board for OPEB. The Plan does not issue a stand-alone financial report.

A retiree and/or spouse who is at least 55 of years of age and participates in a Public Schools administered health insurance plan will receive an explicit subsidy ranging from \$15 to \$175 per month, based on years of service and the retirement plan in which the retiree is covered. In addition, Public Schools provides an implicit subsidy by allowing retirees to participate in the health insurance plans at the group premium rates calculated on the entire universe of active and retired employees. This subsidy occurs because, on an actuarial basis, the current and future claims of the retiree participants are expected to result in higher per person costs to the insurance plans than will be the experience for active employees.

Participant data for fiscal years 2020 and 2021 is as follows:

Membership	FY 2020	FY 2021
Medical Members		
Number of Active Members	19,878	20,309
Average Age	46	46
Average Service	11	11
<u>Number of Inactive Members</u>		
Retirees and Spouses	10,135	10,037
Average Age	72	72
Life Insurance Members		
Number of Active Members	4,457	4,705
Average Age	53	52
Average Service	11	12
<u>Number of Inactive Members</u>		
Retirees and Spouses	2,844	2,546
Average Age	72	71

Source: Fairfax County Annual Comprehensive Financial Report FY 2021

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Statement of Changes in Net Position for the Fiscal Year ended June 30, 2021 – OPEB Trust Fund

ADDITIONS:	<u>2021</u>
Contributions:	
Employer	<u>\$15,348,747</u>
Total Contributions	<u>\$15,348,747</u>
Investment Income from Investment Activities:	
Net increase in fair value of investments	\$47,506,802
Administrative Expense	<u>(101,244)</u>
Total Income from Investment Activities	<u>\$47,405,558</u>
Total Additions	<u>\$62,754,305</u>
DEDUCTIONS:	
Benefits payments / refunds	<u>\$10,348,747</u>
Total Deductions	<u>\$10,348,747</u>
Net Increase	<u>\$52,405,558</u>
Net Position - July 1, 2020	<u>155,969,068</u>
Net Position - June 30, 2021	<u>\$208,374,626</u>

Source: Fairfax County Annual Comprehensive Financial Report FY 2021

Net OPEB Liability for the Plan

The Public Schools’ net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability for the Plan are as follows:

Total OPEB Liability	\$221,203,309
Plan Fiduciary Net Position (Market Value of Assets)	<u>(208,374,626)</u>
Net OPEB Liability	<u>\$12,828,683</u>
Plan Fiduciary Net Position as % of Total OPEB	94.2%

Source: Fairfax County Annual Comprehensive Financial Report FY 2021

For further information regarding the County’s retirement systems, see “Basic Financial Statements – Notes to Financial Statements – Notes G and H” in the County’s Financial Statements for the Fiscal Year ended June 30, 2021.

CONTINGENT LIABILITIES AND CLAIMS

The County is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. See Note L in the County’s Financial Statements in the County’s financial statements for the Fiscal Year ended June 30, 2021.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Norton Rose Fulbright US LLP, Washington, D.C., Bond Counsel, the proposed form of whose opinion is included herein as Appendix VI.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Norton Rose Fulbright US LLP, Bond Counsel, under current law, and subject to the provisions of this section, interest on the Bonds will not be includable in gross income of the owners of the Bonds for federal income tax purposes. Interest on the Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds in the event of a failure by the County or the School Board of the County to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and their respective covenants regarding use, expenditure, and investment of the proceeds of the Bonds and timely payment of certain investment earnings to the United States Treasury. No opinion is rendered by Bond Counsel as to the effect on the exclusion from gross income of the interest on the Bonds for federal income tax purposes of any action taken or not taken without the approval of Bond Counsel or upon the advice or approval of counsel other than Bond Counsel.

Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax under the Code.

Original Issue Discount

The excess, if any, of the amount payable at maturity of any maturity of the Bonds purchased as part of the initial public offering over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the Bonds with original issue discount (a “Discount Bond”) will be excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. In general, the issue price of a maturity of the Bonds is the first price at which a substantial amount of Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers), which may differ from the price shown on the inside cover page of this Official Statement, and the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser’s adjusted basis in a Discount Bond is to be increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds for federal income tax purposes.

Original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed herein. Consequently, an owner of a Discount Bond should be aware that the accrual of original issue discount in each year may result in additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The accrual of original issue discount and its effect on the redemption, sale, or other disposition of a Discount Bond that is not purchased in the initial offering at the first price at which a substantial

amount of such Bonds is sold to the public may be determined according to rules that differ from those described above. An owner of a Discount Bond should consult his tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount with respect to such Discount Bond and with respect to state and local tax consequences of owning and disposing of such Discount Bond.

Bond Premium

The excess, if any, of the tax basis of Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such Bonds as inventory, stock in trade, or for sale to customers in the ordinary course of business) over the amount payable at maturity is “Bond Premium.” Bond Premium is amortized over the term of such Bonds for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). No deduction is allowed for such amortization of Bond Premium; however, Bond Premium is treated as an offset to qualified stated interest received on the Bonds. An owner of such Bonds is required to decrease his adjusted basis in such Bonds by the amount of amortizable Bond Premium attributable to each taxable year such Bonds are held. An owner of such Bonds should consult his tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon sale, redemption or other disposition of such Bonds and with respect to state and local income tax consequences of owning and disposing of such Bonds.

Backup Withholding

Interest paid on the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. While this reporting requirement does not by itself, affect the excludability of interest on the Bonds from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (i) are not “exempt recipients,” and (ii) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the Internal Revenue Service as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner’s federal income tax liability provided the required information is furnished to the Internal Revenue Service.

Other Tax Consequences

Under existing law, the interest on the Bonds is excluded from Virginia taxable income for purposes of the individual income tax and the income taxation of corporations by the Commonwealth of Virginia under Sections 58.1-322 and 58.1-402 of the Code of Virginia of 1950, as amended (the “Virginia Code”), to the extent that such interest is excludable from gross income for federal income tax purposes.

The Code and the Virginia Code contain other provisions (some of which are noted below) that could result in tax consequences, upon which Bond Counsel expresses no opinion, as a result of ownership of the Bonds or the inclusion in certain computations of interest on the Bonds that is excluded from gross income for purposes of federal income taxation.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE APPLICABILITY AND IMPACT OF ANY SUCH COLLATERAL TAX CONSEQUENCES.

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S Corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit.

Future Tax Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to state or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or state tax exemption or the market value of the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding any future, pending or proposed federal or state tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion.

FINANCIAL ADVISOR

The County has retained PFM Financial Advisors LLC, Arlington, Virginia, as financial advisor (the “Financial Advisor”) in connection with the issuance of the Bonds. Although the Financial Advisor assisted in the preparation and review of this Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor is not engaged in the business of underwriting municipal securities.

RATINGS

The Bonds have been rated “AAA” by Fitch Ratings, Inc. (“Fitch”), “Aaa” by Moody’s Investors Service, Inc. (“Moody’s”), and “AAA” by S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“S&P”). The County requested that the Bonds be rated and furnished certain information to Fitch, Moody’s, and S&P, including certain information that is not included in this Official Statement.

These ratings are not a recommendation to buy, sell, or hold the Bonds. Generally, rating agencies base their ratings on such materials and information provided by the County, as well as investigations, studies, and assumptions of the rating agencies. Such ratings may be changed at any time and no assurance can be given that they will not be revised downward or withdrawn entirely by any or all of such rating agencies, if, in the judgment of any or all, circumstances so warrant. Such circumstances may include, without limitation, change in or unavailability of information relating to the County. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Bonds.

SALE AT COMPETITIVE BIDDING

The Bonds were awarded pursuant to electronic competitive bidding held via Parity on Wednesday, January 19, 2022, to BofA Securities, at a price to the County that results in an aggregate

underwriter's discount of \$218,129.54 derived from the yields on the Bonds shown on the inside cover page.

The Underwriter has supplied the information as to the initial reoffering yields shown on the inside cover page. The underwriter may offer to sell the Bonds to certain dealers and others at prices higher or lower than the prices derived from the yields shown on the inside cover page.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Bonds, the Chairman of the Board of Supervisors and the County Executive of the County will certify that, to the best of their knowledge, the Official Statement did not as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact that should be included therein for the purpose for which the Official Statement is to be used, or that is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading. Such certificate will also state, however, that the Chairman of the Board of Supervisors and the County Executive of the County did not independently verify the information indicated in this Official Statement as having been obtained or derived from sources other than the County and its officers but that they have no reason to believe that such information is not accurate.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of the estimates will be realized.

FUTURE FINANCIAL INFORMATION

The Securities and Exchange Commission has adopted Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"). In general, the Rule prohibits an underwriter from purchasing or selling municipal securities such as the Bonds, unless it has determined that the issuer of such securities and/or other persons deemed to be material "obligated persons" have committed to provide to The Electronic Municipal Market Access ("EMMA") system administered by the Municipal Securities Rulemaking Board (i) on an annual basis, certain financial information and operating data ("Annual Reports"), and, if available, audited financial statements, and (ii) notice of various events described in the Rule, if material ("Event Notices").

The County will covenant in the Continuing Disclosure Agreement (the form of which appears in Appendix VII), to be dated the date of delivery of the Bonds, for the benefit of the holders of the Bonds, to provide to EMMA, annually, not later than March 31 of each year, commencing March 31, 2023, Annual Reports with respect to itself, as issuer. Similarly, the County will provide Event Notices with respect to the Bonds to EMMA. The County has updated its procedures relating to compliance with its undertakings under the Rule to reflect the recent amendments to the Rule.

On January 23, 2019, S&P upgraded its rating from "AA" to "AA+" on several series of the Fairfax County Economic Development Authority's Silver Line Phase I Bonds payable from certain revenues of the County, subject to appropriation by the County's Board of Supervisors. Although the rating upgrade was reflected in the EMMA database for such Bonds, the County did not file a timely Event Notice with EMMA with respect to this rating upgrade. In addition, following the partial defeasance of a portion of one maturity of such Silver Line Phase I Bonds, the Annual Report required to be filed with EMMA on or before March 31, 2021, was timely filed with EMMA but was not correctly

cross-referenced to a new CUSIP number assigned to the undefeased portion of such maturity. The undefeased portion of such maturity was thereafter defeased on May 18, 2021. The County has reviewed its procedures to ensure the timely filing and cross-referencing of Event Notices and Annual Reports in the future.

Except as described under this caption, in the five years preceding the date of this Official Statement, the County has materially complied with its undertakings under the Rule.

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APPROVAL OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been duly authorized by the Board of Supervisors of the County.

BOARD OF SUPERVISORS OF FAIRFAX
COUNTY, VIRGINIA

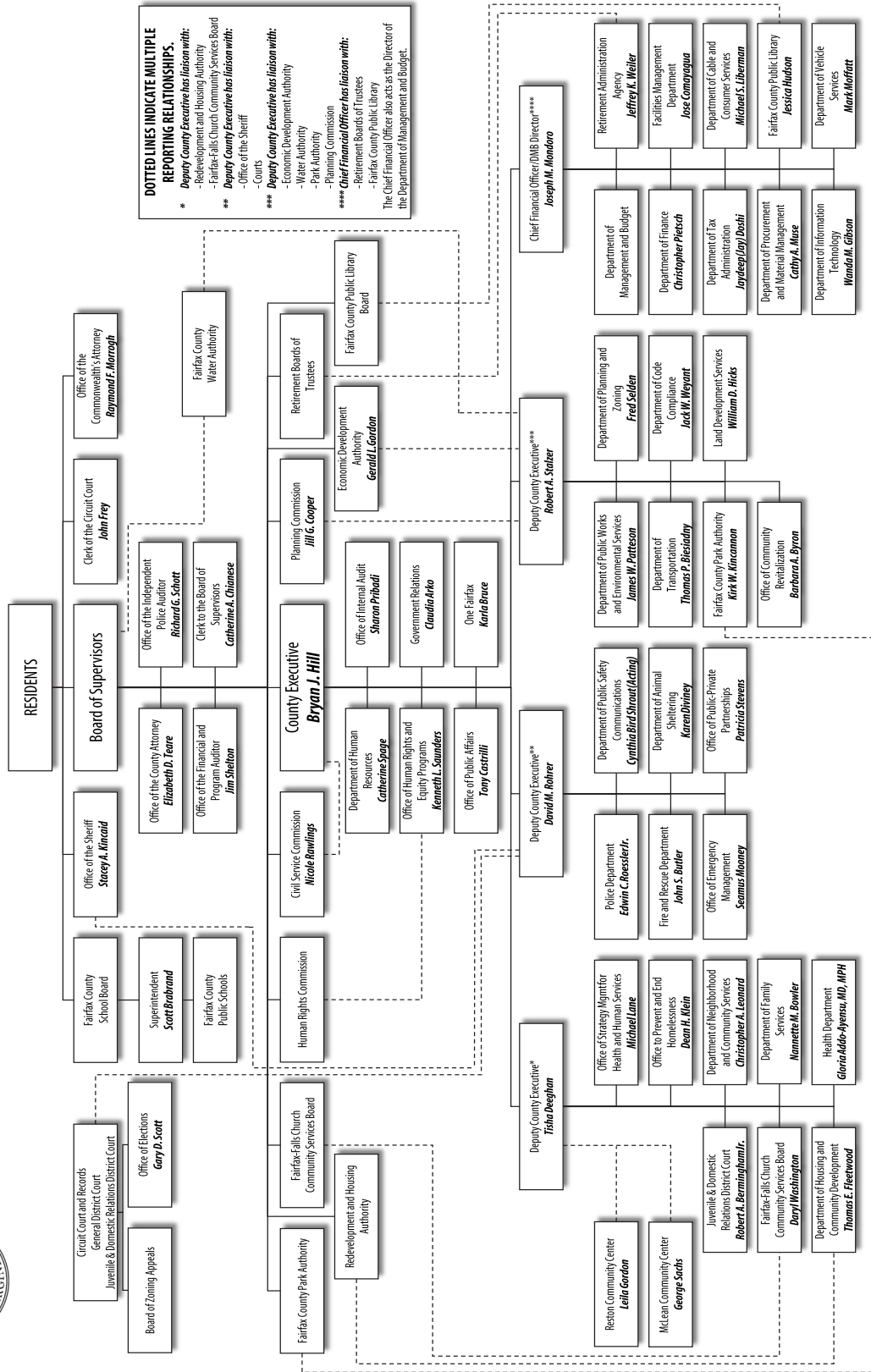
By: /s/ Jeffrey C. McKay, Chairman

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ORGANIZATION OF FAIRFAX COUNTY GOVERNMENT

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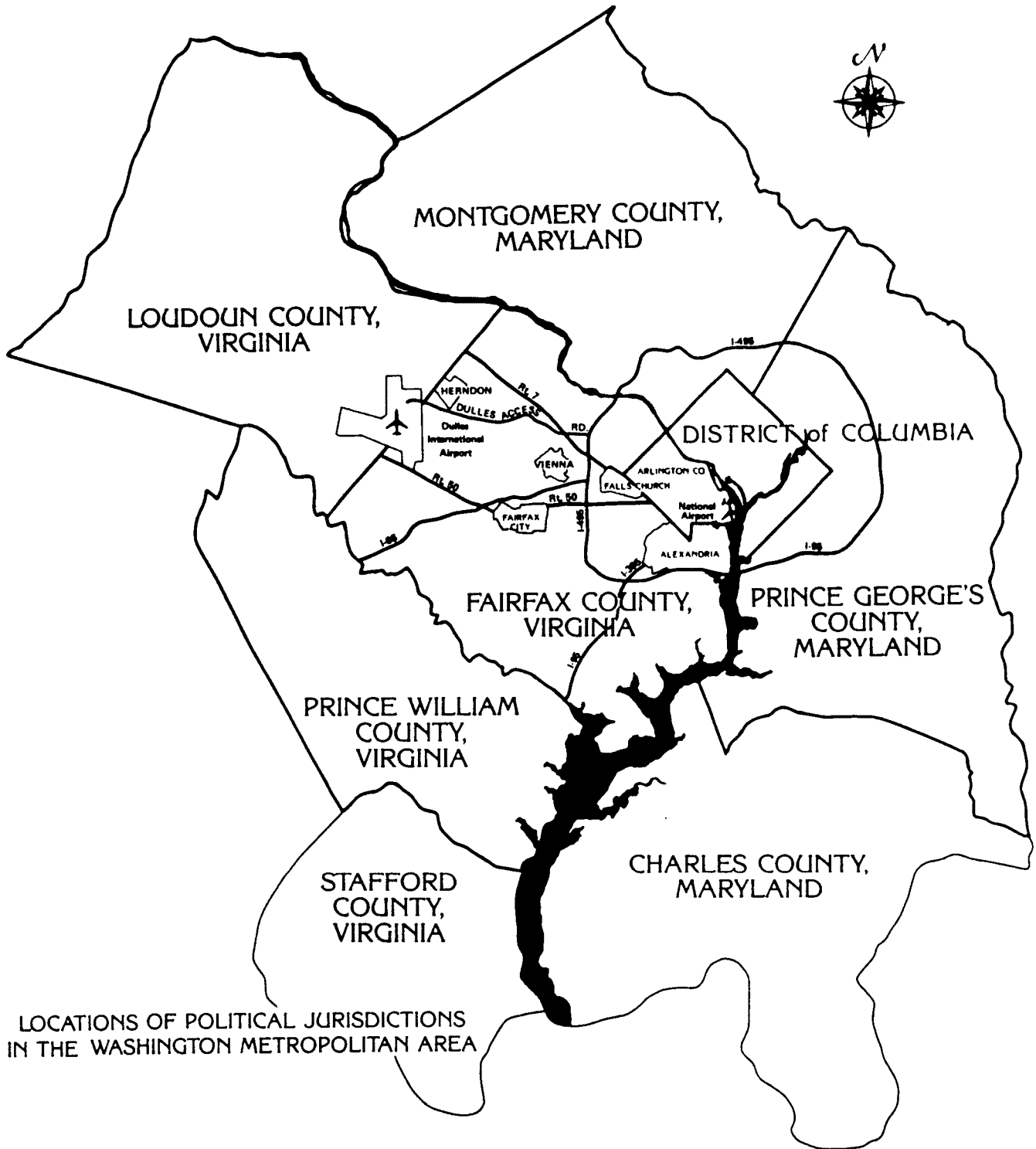
ORGANIZATION OF FAIRFAX COUNTY GOVERNMENT



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LOCATIONS OF POLITICAL JURISDICTIONS

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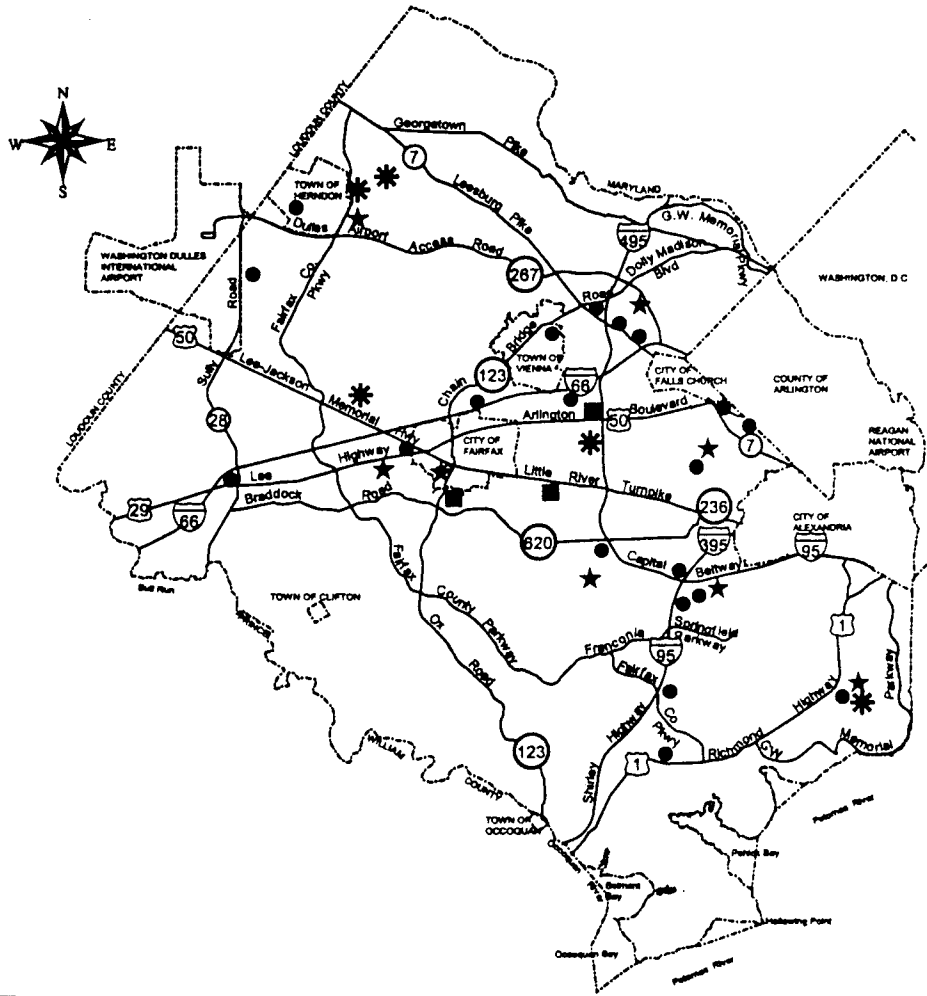


LOCATIONS OF POLITICAL JURISDICTIONS
IN THE WASHINGTON METROPOLITAN AREA

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MAP OF FAIRFAX COUNTY

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Colleges

- George Mason University
- Northern Virginia Community College
- University of Virginia
- Northern Virginia Graduate Center
- Virginia Polytechnic Institute and State University
- Northern Virginia Graduate Center



Governmental Centers

- Fairfax County Governmental Center
- Franconia Governmental Center
- Mason Governmental Center
- McLean Governmental Center
- Mount Vernon Governmental Center
- North County Governmental Center
- Public Safety Center
- West Springfield Governmental Center



Hospitals

- Access (Ambulatory-Emergency)
- Fair Oaks Hospital
- Fairfax Hospital
- Mount Vernon Hospital
- Reston Hospital



Commercial Areas

- Annandale
- Bailey's Crossroads
- Cantreville
- Dulles / Chantilly
- Fairfax Center
- Fort Belvoir
- Franconia
- Herndon
- McLean
- Merrifield
- Newington
- Oakton
- Ravensworth
- Reston
- Richmond Highway
- Seven Corners
- Shirley Highway
- Springfield
- Tysons Corner
- Vienna

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FAIRFAX COUNTY, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS
(Fiscal Year Ended June 30, 2021)⁽¹⁾

¹ This Appendix comprises the County's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021. In order to preserve cross-references within such pages, this Appendix has not been repaginated and, accordingly, retains the original pagination.

Report of Independent Auditor

To the Board of Supervisors
County of Fairfax, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia (the "County") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note M to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. As a result, the related net position of the fiduciary funds and aggregate discretely presented component units has been restated. Our opinions are not modified with respect to this matter.

Restatement

As discussed in Note N to the financial statements, the net position of the aggregate discretely presented component units as of July 1, 2020 has 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 management's discussion and analysis on pages 5 to 19 and the required supplementary information and notes to the required supplementary information on pages 153 to 175 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.

Cherry Bekant LLP

Tysons Corner, Virginia
November 15, 2021



Management's Discussion and Analysis

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (*UNAUDITED*)

This section of the County of Fairfax, Virginia's (the County) Annual Comprehensive Financial Report (ACFR) presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, located in the Introductory Section of the ACFR.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- The County's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$884.8 million on a government-wide basis at June 30, 2021.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$5,454.4 million. Expenses amounted to \$5,433.7 million.
- For the fiscal year, revenues of the County's business-type activities were \$253.4 million and expenses were \$195.2 million.

Highlights for Fund Financial Statements

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

- The County's governmental funds reported an increase in fund balance of \$96.4 million for fiscal year 2021, compared to a decrease of \$75.4 million for fiscal year 2020.
- The County's General Fund reported a fund balance of \$684.5 million, an increase of \$76.7 million, or 12.6 percent, over fiscal year 2020.

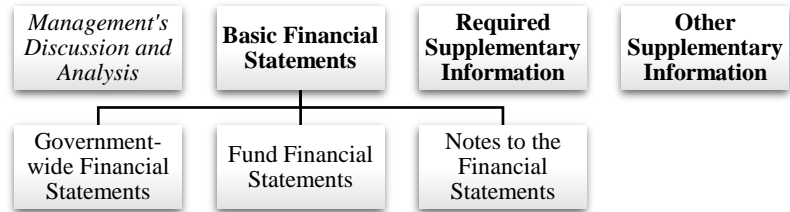
General Financial Highlights

- In September 2020, the County issued \$294.1 million of Series 2020B General Obligation Refunding Bonds to advance refund multiple outstanding Series bonds to save \$32.4 million in future debt service payments with a \$29.7 million net present value.
- In February 2021, the County issued \$254.2 million of Series 2021A General Obligation Public Improvement Bonds. Bond proceeds from this issue are being used to finance school, park, road, and other County improvements.
- In May 2021, the County closed on a partial defeasance in the amount of \$11.2 million of certain Series 2016 obligations associated with the Transportation District Improvement Revenue Bonds (Silver Line Phase 1 Project) in order to save \$17.5 million in future debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts: (1) management’s discussion and analysis (presented here), (2) basic financial statements, (3) required supplementary information, and (4) other supplementary information.

The County’s basic financial statements consist of two kinds of statements, each with a different view of the County’s finances. The government-wide financial statements provide both long- and short-term information about the County’s overall financial status. The fund financial statements focus on major aspects of the County’s operations, reporting those operations in more detail than the government-wide statements. The basic financial statements also include notes to explain information in the financial statements and provide more detailed data.



The statements and notes are followed by required supplementary information that contains the budgetary comparison schedule for the General Fund and trend data pertaining to the retirement systems. In addition to these required elements, the County includes other supplementary information with combining and individual fund statements to provide details about the governmental, internal service, fiduciary funds, and component units.

Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector businesses. In addition, they report the County’s net position and how it has changed during the fiscal year.

The first government-wide statement—the statement of net position—presents information on all the County’s assets and deferred outflow of resources less liabilities and deferred inflow of resources, resulting in the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating. Additionally, non-financial factors, such as a change in the County’s property tax base or the condition of County facilities, should be considered to assess the overall health of the County.

The second statement—the statement of activities—presents information showing how the County’s net position changed during the fiscal year. All of the current year’s revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The government-wide financial statements are divided into three categories:

Governmental Activities – Most of the County’s basic services are reported here, including: public safety, public works, judicial administration, health and welfare services, community development, parks, recreation, and cultural programs, education, and general administration. These activities are financed primarily by property taxes, other local taxes, and federal and state grants. Included in the governmental activities are the governmental funds and internal service funds.

Business-type Activities – The County’s only business-type activity, the Integrated Sewer System (Sewer System), is reported here.

Discretely Presented Component Units – The County includes four other entities in its annual financial report: Fairfax County Public Schools (Public Schools), Fairfax County Redevelopment and Housing Authority (FCRHA), Fairfax County Park Authority (Park Authority), and Fairfax County Economic Development Authority (EDA). Although legally separate, these component units are included because the County is financially accountable for them.

The County's governmental and business-type activities are collectively referred to as the primary government. Together, the primary government and its discretely presented component units are referred to as the reporting entity.

Fund Financial Statements

The fund financial statements provide detailed information about the County's most significant funds. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County has the following three types of funds:

Governmental Funds – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the governmental activities in the government-wide financial statements, additional information is provided to explain the relationship (or differences). The General Fund accounts for the main operating activities of the County; it is the largest of the governmental funds. All other governmental funds, that is, special revenue funds, debt service funds, and capital projects funds, are collectively referred to as nonmajor governmental funds.

Proprietary Funds – Proprietary funds, which consist of enterprise funds and internal service funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like the government-wide financial statements, provide both long- and short-term financial information. The County's only enterprise fund, the Sewer System, is reported as the County's business-type activity in the government-wide statements. The fund financial statements provide additional information, such as cash flows, for the Sewer System. The internal service funds are used to account for the provision of general liability, malpractice, and workers' compensation insurance, health benefits for employees and retirees, vehicle services, document services, and technology infrastructure support to County departments on a cost reimbursement basis.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County's fiduciary funds consist of pension trust funds, an OPEB trust fund and custodial funds. The pension trust funds are used to account for the assets held in trust by the County for the employees and beneficiaries of its defined benefit pension plans—the Employees' Retirement System, the Police Officers Retirement System, and the Uniformed Retirement System. The OPEB trust fund is used to account for the assets held in trust by the County for other post-employment benefits. The custodial funds are used to account for monies received, held, and disbursed on behalf of developers, welfare recipients, the Commonwealth of Virginia, the recipients of certain bond proceeds, and certain other local governments.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The tables below and on the following page present a Summary of Net Position for the reporting entity as of June 30, 2021 and 2020:

Summary of Net Position As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 6,361.0	\$ 6,147.5	\$ 457.6	\$ 247.0	\$ 6,818.6	6,394.5
Capital assets (net)	3,118.9	3,041.0	1,743.3	1,679.0	4,862.2	4,720.0
Total assets	9,479.9	9,188.5	2,200.9	1,926.0	11,680.8	11,114.5
Deferred outflow of resources:	905.5	660.5	50.9	32.0	956.4	692.5
Liabilities:						
Current liabilities	593.6	568.2	38.5	34.1	632.1	602.3
Long-term liabilities	6,268.1	5,957.5	879.9	653.5	7,148.0	6,611.0
Total liabilities	6,861.7	6,525.7	918.4	687.6	7,780.1	7,213.3
Deferred inflow of resources:	3,963.3	3,783.6	9.0	4.2	3,972.3	3,787.8
Net position:						
Net investment in capital assets	2,347.8	2,265.8	1,207.8	1,112.4	3,555.6	3,378.2
Restricted	355.7	382.0	17.9	20.3	373.6	402.3
Unrestricted (deficit)	(3,143.1)	(3,108.1)	98.7	133.5	(3,044.4)	(2,974.6)
Net position	\$ (439.6)	\$ (460.3)	\$ 1,324.4	\$ 1,266.2	\$ 884.8	\$ 805.9

Summary of Net Position - continued								
As of June 30								
(\$ in millions)								
	Total Primary Government		Component Units		Reclassifications*		Total Reporting Entity	
	2021	2020	2021	2020**	2021	2020	2021	2020**
Assets:								
Current and other assets	\$ 6,818.6	\$ 6,394.5	\$ 1,009.3	\$ 813.7	\$ -	\$ -	\$ 7,827.9	\$ 7,208.2
Capital assets (net)	4,862.2	4,720.0	3,505.7	3,454.7	-	-	8,367.9	8,174.7
Total assets	11,680.8	11,114.5	4,515.0	4,268.4	-	-	16,195.8	15,382.9
Deferred outflow of resources:	956.4	692.5	1,187.1	1,028.9	-	-	2,143.5	1,721.4
Liabilities:								
Current liabilities	632.1	602.3	249.3	226.0	-	-	881.4	828.3
Long-term liabilities	7,148.0	6,611.0	4,948.7	4,637.6	-	-	12,096.7	11,248.6
Total liabilities	7,780.1	7,213.3	5,198.0	4,863.6	-	-	12,978.1	12,076.9
Deferred inflow of resources:	3,972.3	3,787.8	348.2	386.5	-	-	4,320.5	4,174.3
Net position:								
Net investment in								
capital assets	3,555.6	3,378.2	3,304.7	3,255.0	(1,680.1)	(1,690.2)	5,180.2	4,943.0
Restricted	373.6	402.3	188.0	137.3	(101.9)	(51.7)	459.7	487.9
Unrestricted (deficit)	(3,044.4)	(2,974.6)	(3,336.9)	(3,345.1)	1,782.0	1,741.9	(4,599.3)	(4,577.8)
Net position	\$ 884.8	\$ 805.9	\$ 155.8	\$ 47.2	\$ -	\$ -	\$ 1,040.6	\$ 853.1

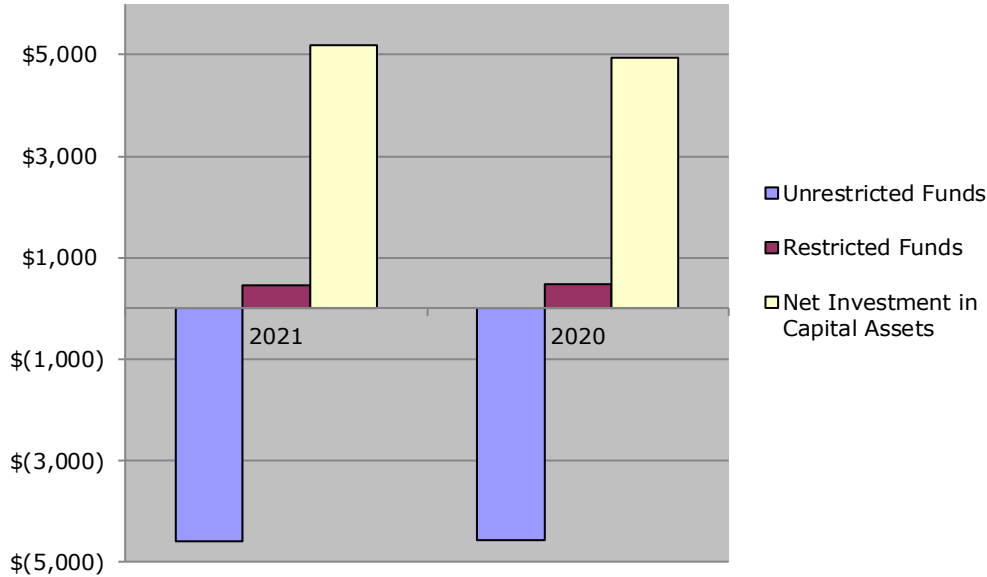
*Reclassification represents County issued debt for Schools and Parks facilities. See Note A - 13 for more information.

**Fiscal year 2020 net position restated for Schools due to the implementation of GASB statement 84.

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

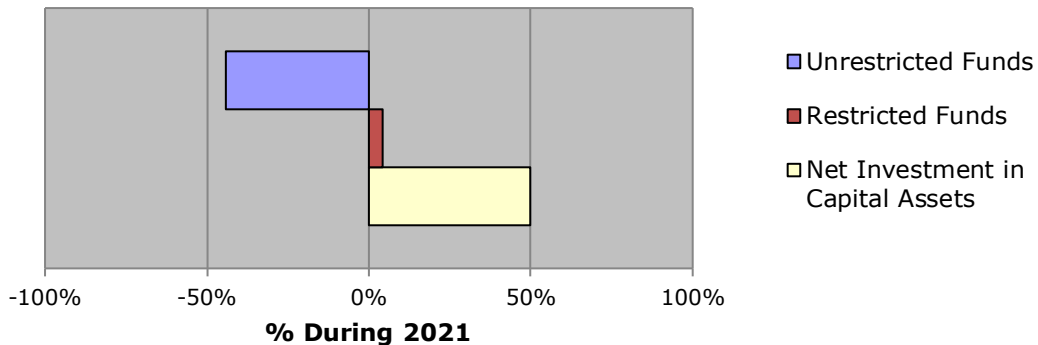
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the reporting entity, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$1,040.6 million at the end of fiscal year 2021, representing an increase of \$187.5 million from the net position at June 30, 2020, as shown above. The increase in fiscal year 2021 net position was due to the net additions in capital assets.

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



As shown below, the largest portion of net position is the net investment in capital assets (e.g., land, buildings, infrastructure, and equipment, net of depreciation and amortization), less the outstanding debt that was used to acquire those assets, followed closely by unrestricted. The restricted net position portion represents resources that are subject to external restrictions on how they may be used. Net position of the reporting entity is restricted for various uses, some of which include transportation (\$336.7 million), grant programs (\$43.5 million), housing (\$47.6 million), and community centers (\$13.4 million). The balance of net position that is neither related to capital assets nor restricted for specific uses is represented as unrestricted net position.

**Composition of Net Position of the Reporting Entity
As of June 30**



Statement of Activities

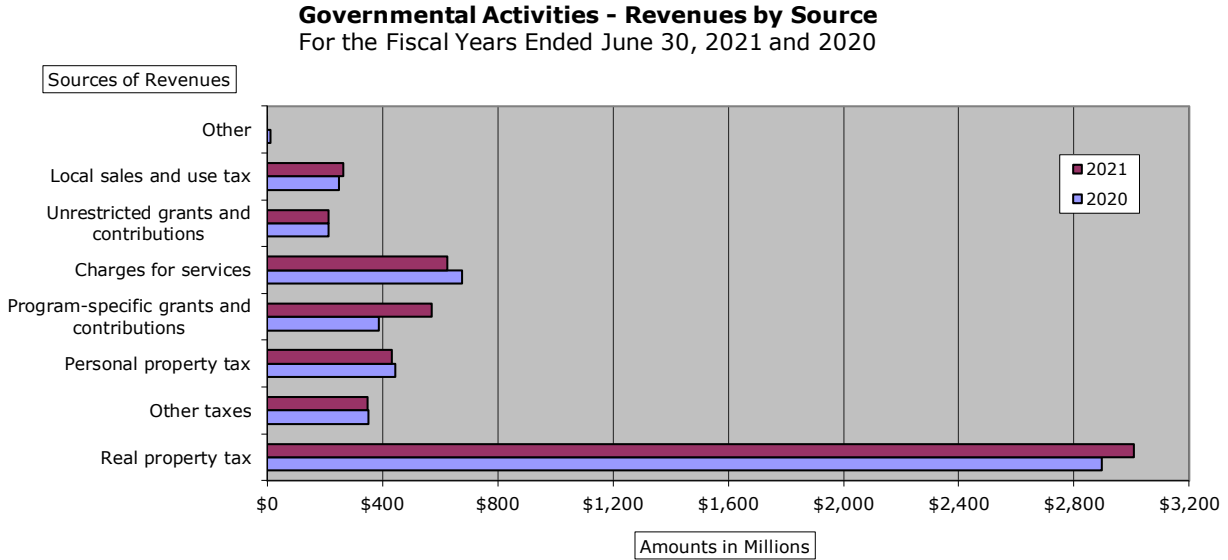
The following table summarizes the changes in Net Position for the primary government for the fiscal years ended June 30, 2021 and 2020:

Summary of Changes in Net Position For the Fiscal Years Ended June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 625.0	\$ 677.2	\$ 251.2	\$ 240.0	\$ 876.2	\$ 917.2
Operating grants and contributions	505.0	346.8	-	-	505.0	346.8
Capital grants and contributions	64.4	40.7	1.4	2.6	65.8	43.3
General revenues:						
Real property tax	3,008.7	2,897.8	-	-	3,008.7	2,897.8
Personal property tax	432.9	443.3	-	-	432.9	443.3
Business licenses tax	180.1	180.1	-	-	180.1	180.1
Local sales and use tax	263.8	249.7	-	-	263.8	249.7
Consumers utility tax	104.8	110.5	-	-	104.8	110.5
Other taxes	63.5	59.9	-	-	63.5	59.9
Unrestricted grants and contributions	211.4	211.4	-	-	211.4	211.4
Revenue from the use of money	(5.2)	11.7	0.8	2.9	(4.4)	14.6
Total revenues	5,454.4	5,229.1	253.4	245.5	5,707.8	5,474.6
Expenses:						
General government administration	258.1	258.3	-	-	258.1	258.3
Judicial administration	71.1	76.7	-	-	71.1	76.7
Public safety	882.3	879.2	-	-	882.3	879.2
Public works	282.3	274.4	195.2	193.4	477.5	467.8
Health and welfare	797.8	721.9	-	-	797.8	721.9
Community development	569.7	550.1	-	-	569.7	550.1
Parks, recreation, and cultural	133.2	143.7	-	-	133.2	143.7
Education	2,339.3	2,332.4	-	-	2,339.3	2,332.4
Interest on long-term debt *	99.9	103.2	-	-	99.9	103.2
Total expenses	5,433.7	5,339.9	195.2	193.4	5,628.9	5,533.3
Increase (decrease) in net position before special item	20.7	(110.8)	58.2	52.1	78.9	(58.7)
Special items:						
Gain from sale of purchased capacity	-	-	-	9.9	-	9.9
Increase (decrease) in net position	20.7	(110.8)	58.2	62.0	78.9	(48.8)
Beginning net position	(460.3)	(349.5)	1,266.2	1,204.2	805.9	854.7
Ending net position	\$ (439.6)	\$ (460.3)	\$ 1,324.4	\$ 1,266.2	\$ 884.8	\$ 805.9

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

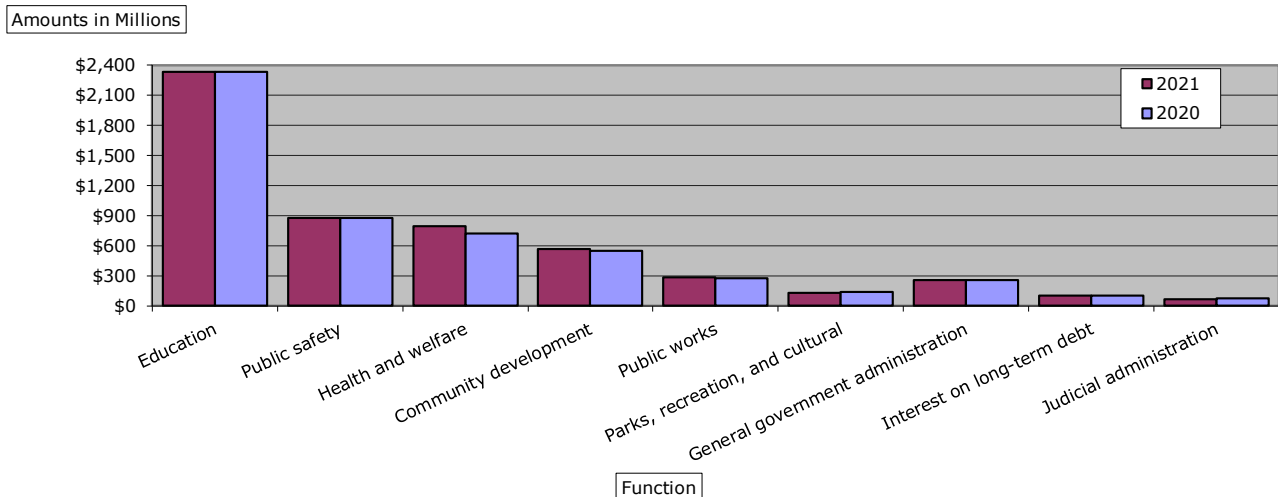
Governmental Activities

Revenue for the County's governmental activities was \$5,454.4 million for fiscal year 2021, representing an increase of \$225.3 million over fiscal year 2020. Sources of revenue for fiscal years 2021 and 2020 are shown below:



Taxes constitute the largest source of County revenues, amounting to \$4,053.8 million for fiscal year 2021, an increase of \$112.5 million over fiscal year 2020, primarily due to increase in real property taxes. Real property taxes (\$3,008.7 million) represent 74.2 percent of total taxes and over half of all revenues combined. The real estate tax rate remains at \$1.15 per \$100 of assessed value, but the real estate assessments increased by \$110.9 million resulting in the increased revenue. Unrestricted grants and contributions include \$211.4 million in revenue from the Commonwealth of Virginia to reimburse the County as part of the Personal Property Tax Relief Act (see Note C to the financial statements).

Governmental Activities - Expenses by Function
For the Fiscal Years Ended June 30, 2021 and 2020



The total cost of all of the County's governmental activities for fiscal year 2021 was \$5,433.7 million, representing an increase of \$93.8 million over fiscal year 2020. As the table below indicates, education continues to be the County's largest program. Education totaled \$2,339.3 million in fiscal year 2021, an increase of \$6.9 million over fiscal year 2020, to support school operations and to service debt for bond-funded projects to build new schools and renew older facilities. Health and welfare increased by \$75.9 million in total cost of services compared to fiscal year 2020. A significant portion of this arises from new federal grant awards related to health and social services.

The table below shows the total cost of each of the County's six largest programs - education, public safety, health and welfare, community development, public works, and general government administration - and the net cost of each program (total cost less fees generated by the programs and program-specific intergovernmental aid).

Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30 (\$ in millions)				
Functions/Programs	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Education	\$ 2,339.3	2,332.4	\$ 2,339.3	2,332.4
Public safety	882.3	879.2	743.8	757.2
Health and welfare	797.8	721.9	400.3	422.7
Community development	569.7	550.1	217.4	253.8
Public works	282.3	274.4	79.1	85.5
General government administration	258.1	258.3	206.5	154.8
Other	304.2	323.6	253.0	268.8
Total	\$ 5,433.7	5,339.9	\$ 4,239.4	4,275.2

Some of the cost of governmental activities was paid by those who directly benefited from the programs, these costs totaled \$624.9 million. Other governments and organizations subsidized certain programs with grants and contributions totaling \$569.4 million. Of the \$4,239.4 million net cost of services, the amount that taxpayers paid for these programs through County taxes was \$4,053.8 million.

Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2021, the Sewer System reported an increase in net position of \$58.2 million. Total revenues of the Sewer System increased \$7.9 million from fiscal year 2020. This increase was primarily the result of an increase in the sewer availability fees.

Total expenses of the Sewer System for fiscal year 2021 were \$195.2 million, increasing by \$1.8 million from fiscal year 2020. This increase was primarily the result of increases in contractual services.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Fund balance classifications are reported by purpose within these classifications; nonspendable, restricted, committed, assigned, and unassigned as defined by GASB 54.

As of June 30, 2021, the County's governmental funds had a combined fund balance of \$1,691.5 million, compared with \$1,595.0 million at June 30, 2020. Of the fiscal year 2021 fund balance, \$36.8 million is assigned in the General Fund, indicating that it is not available for new spending as it has been allocated for items such as existing purchase orders, construction contracts and loan repayments. Approximately 21.3 percent (\$145.5 million) of the total 2021 General Fund balance is unassigned, representing resources not associated with a specified purpose. With regards to the nonmajor fund balance, as a portion of the total governmental funds fund balance, 60.5 percent (\$1,023.3 million) has been restricted or committed in the special revenue, capital projects, and debt service funds to meet the program needs. Nonspendable prepaid expenditures are 0.12 percent (\$2.0 million) of the total fund balance. At June 30, 2021, \$411.5 million of the General Fund's committed fund balance of \$500.6 million is designated for the managed reserve and revenue stabilization fund based on fiscal year 2021 actuals.

For the fiscal year ended June 30, 2021, fund balances for all governmental funds increased by \$96.4 million, compared with the \$75.4 million decrease for fiscal year ended June 30, 2020. Total revenues and other financing sources were \$6,802.5 million, total expenditures and other financing uses were \$6,706.1 million, resulting in the increase to the fund balances. Although total revenues were less than expenditures in fiscal year 2021, the total other financing sources and uses exceeded the deficiency of revenues over expenditures. In comparison to fiscal year 2020, total revenues and other financing sources increased by \$382.6 million mainly due to an increase in real estate assessments and the recognition of federal stimulus funds from the Coronavirus Relief Fund. Expenditures and other financing uses increased by \$210.7 million compared to fiscal year 2020 due to expended Coronavirus Relief funds and debt service payments.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the unassigned fund balance was \$145.5 million, which represents approximately 3.7 percent of the General Fund's total expenditures. Revenues of \$4,615.4 million, less expenditures of \$3,894.7 million and other financing uses of \$644.0 million, resulted in a net increase in fund balance of \$76.7 million. This increase was primarily attributed to the rise in real estate assessments.

In addition to revenue stabilization, managed reserve and other reserves specifically identified in the General Fund, the County has, as a result of policy decisions, established reserves in other funds which are available to allow the County to respond to both anticipated and unforeseen events. The practice of identifying these reserves in multiple funds has been in place for many years. These reserves are identified in the County's Internal Service Funds and certain Special Revenue Funds, such as the Fairfax-Falls Church Community Services Board that receive the majority of their funding from the General Fund. These balances total approximately 19.6 percent of total General Fund receipts (including revenues and transfers from other funds) as shown in the table on the following page.

Fund Reserves	
For the Fiscal Years Ended June 30, 2021	
(\$ in millions)	
General fund committed reserves ⁽¹⁾ :	
Revenue stabilization fund reserve	\$ 228.9
Managed reserve	182.6
Information Technology and others	89.1
Total committed	500.6
General fund assigned reserves (encumbrances)	36.8
General fund unassigned reserves	145.5
General fund supported reserves ⁽²⁾ :	
Community services board	38.8
Internal service fund reserves ⁽³⁾ :	
Vehicle related reserves	64.9
Technology related reserves	16.5
Self insurance reserves	104.5
Total reserves funded by and available to the general fund	907.6
General fund revenues and transfers in ⁽⁴⁾ :	
General fund revenues	4,615.5
Transfers in	7.1
Total general fund revenues and transfers in	\$ 4,622.6
Total available reserves as % of general fund revenues	19.6%

⁽¹⁾ Exhibit A-2

⁽³⁾ Exhibit G

⁽²⁾ Exhibit D

⁽⁴⁾ Exhibit A-3

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget appropriations, which include expenditures and transfers out, were more than the original budget amounts by \$352.2 million or 7.9 percent. This increase is primarily due to the carryover of prior-year commitments. The final amended budget revenues and transfers in were more than the original budget by a net of \$90.3 million or 2.0 percent, primarily due to higher than projected Local Sales and Use Tax receipts, Business Licenses, and Intergovernmental revenue associated with the receipt of over \$111 million in stimulus funds from the American Rescue Plan Act (ARPA).

Actual revenues were \$44.1 million more than final budget amounts, and actual expenditures were \$263.9 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2021, include the following:

- Tax revenues exceeded budgeted amounts by \$30.1 million. The increase is a combination of increases in Real Property and Business Licenses Taxes, Local Sales & Use Taxes, and Recordation Taxes.
- Intergovernmental revenue was \$1.8 million more than budgeted amounts primarily associated with reimbursable expenditures for various public assistance programs.
- General government administration expenditures were \$8.0 million, or 6.1 percent, less than budgeted amounts as a result of managing position vacancies and encumbrances carried forward to the next fiscal year.

- Public safety expenditures were \$26.3 million, or 4.8 percent, less than budgeted amounts mainly as a result of savings associated with managing position vacancies and encumbrances carried forward to the next fiscal year.
- Health and welfare expenditures were \$50.4 million, or 16.6 percent, less than budgeted amounts due to managing position vacancies, lower than anticipated costs in the Department of Family Services, the Health Department, and the Department of Neighborhood and Community Services, and encumbrances carried forward to the next fiscal year.
- Nondepartmental expenditures were \$157.5 million, or 23.6 percent, less than budgeted amounts primarily due to unspent balances of federal stimulus funds carried forward to the next fiscal year and savings in employer contributions to group health and life insurance.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County’s investment in capital assets as of June 30, 2021, amounted to \$4.9 billion, which represents an increase of \$142.2 million, or 3.0 percent, over last year. Capital assets as of June 30, 2021 and 2020, are summarized below:

Capital Assets As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land and easements	\$ 463.4	460.8	\$ 18.1	18.0	\$ 481.5	478.8
Buildings, improvements, and infrastructure	3,230.3	3,102.5	1,553.2	1,511.9	4,783.5	4,614.4
Software	181.1	163.3	-	-	181.1	163.3
Vehicles, equipment, and library collections	662.6	632.4	17.1	15.8	679.7	648.2
Construction in progress	351.0	317.5	285.2	228.5	636.2	546.0
Equipment under construction	30.6	32.3	-	-	30.6	32.3
Software in development	20.4	15.9	-	-	20.4	15.9
Purchased capacity	-	-	1,154.8	1,124.3	1,154.8	1,124.3
Total capital assets	4,939.4	4,724.7	3,028.4	2,898.5	7,967.8	7,623.2
Less: Accumulated depreciation and amortization	(1,820.5)	(1,683.7)	(1,285.1)	(1,219.5)	(3,105.6)	(2,903.2)
Total capital assets, net	\$ 3,118.9	3,041.0	\$ 1,743.3	1,679.0	\$ 4,862.2	4,720.0

The major capital asset activities for fiscal year 2021 included the following:

- Developers’ contributions of sewer lines and manholes totaled \$1.4 million; contributions related to stormwater and pedestrian walkways totaled \$9.3 million.
- The purchase of library books and audio/video materials totaled \$3.7 million, funded through general operating revenues.
- Improvements to transportation, including bus and rail service, totaled \$5.4 million, County and Regional transportation projects totaled \$2.9 million, and Stormwater Services totaled \$40.7 million.

- Expenditures related to construction of the Springfield and Innovation Metrorail Parking Facility, Sully and Lorton Community Center, Fire Station in multiple locations and Capital Sinking fund for facilities and walkways were \$2.7 million, \$13.3 million, \$35.0 million, and \$7.7 million, respectively.
- The Sewer System's share of the upgrade and operating costs of the Noman Cole Treatment Plant Renovation, totaled \$61.3 million.
- The acquisition of Software increased by \$22.4 million for improving general government administration function.

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

Long-term Debt

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

- A limit of \$1.5 billion of general obligation bond sales over a five-year period, for an average of \$300 million annually, with a maximum of \$325 million in any given year, excluding refunding bonds.
- A limitation that total long-term debt (excluding capital leases for equipment and sewer revenue bonds) not exceed 3.00 percent of the total market value of taxable real and personal property in the County and that annual debt service payments not exceed 10.00 percent of annual General Fund expenditures and transfers out. For fiscal year 2021, these percentages were 1.03 percent and 7.16 percent, respectively.

In February 2021, the County issued \$254.2 million of Series 2021A General Obligation Public Improvement Bonds with a true interest cost of 1.23 percent and a premium of \$36.5 million. Proceeds of \$254.2 million are being used to fund new facilities and improvements, as follows (in millions):

County facilities:	
Transportation Improvements.....	\$ 15.0
Public safety facilities.....	24.0
Other purposes	8.0
Park facilities	13.9
Transportation facilities	36.0
Public Schools facilities.....	<u>157.3</u>
Total bonds issued for new projects.....	<u>\$254.2</u>

In September 2020, the County issued \$294.1 million of Series 2020B General Obligation Refunding Bonds to advance refund multiple outstanding Series bonds to save \$32.4 million in future debt service payments with a \$29.7 million net present value.

In May 2021, the County closed on a partial defeasance in the amount of \$11.2 million of certain Series 2016 obligations associated with the Transportation District Improvement Revenue Bonds (Silver Line Phase 1 Project) to save \$17.5 million of future debt service payments, with a \$17.3 million net present value.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2021 and 2020:

Outstanding Long-term Debt As of June 30 (\$ in millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2021	2020	2021	2020	2021	2020	
General obligation bonds issued for:							
County facilities	\$ 866.3	823.3	\$ -	-	\$ 866.3	823.3	
Public Schools facilities	1,489.6	1,435.8	-	-	1,489.6	1,435.8	
Revenue bonds	647.2	700.0	-	-	647.2	700.0	
Sewer revenue bonds	-	-	742.2	564.3	742.2	564.3	
Notes payable and other	469.3	463.9	-	-	469.3	463.9	
Total County outstanding debt	\$ 3,472.4	3,423.0	\$ 742.2	564.3	\$ 4,214.6	3,987.3	

Additional information related to the County's long-term debt can be found in Note J to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors are reflected in the General Fund budget for fiscal year 2022:

- The assessed value of all real property increased by \$7.62 billion, or 2.88 percent, over the fiscal year 2021 value. This resulted from an increase in existing property values and construction of new properties.
- Equalized residential property assessments increased 4.25 percent and non-residential equalization decreased 4.05 percent for fiscal year 2022. For the first time since fiscal 2016, growth in residential equalization has been higher than that of non-residential equalization.
- Personal property tax revenue is projected to increase 1.86 percent in fiscal year 2022 compared to the fiscal year 2021 revised budget. The total vehicle volume is forecasted to decline 3.80 percent in fiscal year 2022.
- The General Fund revenue is expected to decrease 0.64 percent from the fiscal year 2021 revised budget plan, due to the American Rescue Plan Act stimulus revenue received in fiscal year 2021. Absent the stimulus revenue, fiscal year 2022 revenue is expected to increase 1.85 percent.

The fiscal year 2022 Adopted Budget includes revenues of \$4.52 billion, or a 0.64 percent decrease from the fiscal year 2021 Revised Budget Plan. Real estate and personal property taxes represent the majority of budgeted revenues, comprising approximately 81.93 percent of the fiscal year 2022 General Fund revenues. Revenue from real property taxes alone makes up 67.46 percent of total revenues, as compared with approximately 67.35 percent in the fiscal year 2021 Adopted Budget.

The fiscal year 2022 General Fund disbursements, which include transfers out, total \$4.53 billion, a 6.15 percent decrease from the fiscal year 2021 Revised Budget Plan. County funding for Public Schools is \$2.38 billion which is approximately 52.63 percent of the County's total General Fund budget. This funding

supports operating costs, school construction, and debt service. Total direct expenditure funding decreased by \$264.19 million, or 13.77 percent, from fiscal year 2021.

The following tax rates and fees were approved for fiscal year 2022:

- Real estate tax rate decreases from \$1.15 to \$1.14 per \$100 of assessed value.
- Commercial real estate tax rate for County transportation projects remains at \$0.125 per \$100 of assessed value, levied on commercial and industrial properties.
- Special tax rate for the Dulles Rail Phase I Transportation Improvement District remains at \$0.09 per \$100 of assessed value, levied on commercial and industrial properties in the district. Dulles Rail Phase II remains at \$0.20 per \$100 of assessed value.
- Special real estate tax rate collected on all properties within Small District 1, Dranesville, for the McLean Community Center remains at \$0.023 per \$100 of assessed value, and the rate collected on all properties within Small District 5, Hunter Mill, for the Reston Community Center remains at \$0.047 per \$100 assessed value.
- The Sewer Service rate increases from \$7.28 to \$7.72 per 1,000 gallons of water consumption and the Sewer Availability Charge for new single-family homes increases from \$8,340 to \$8,507 per unit. The Sewer Base Charge increases from \$32.91 to \$36.54 per quarter.
- Refuse collection rate for County collection sanitation districts increases from \$370 to \$400 per household and the refuse disposal rate decreases from \$68 to \$66 per ton.
- The Stormwater Services rate remains the same at \$0.0325 per \$100 of assessed value.
- Special real estate tax rate collected on all properties within the Tysons Service District remains at \$0.05 per \$100 of assessed value.
- Special real estate tax rate collected on all properties within the Reston Service District remains at \$0.021 per \$100 of assessed value.

The Board has maintained the dedication of one-half penny of the real estate tax rate for the preservation of Affordable Housing. Funding adjustments and strategies have been incorporated in the fiscal year 2022 Adopted Budget Plan to continue to address the County's commitment to achieving the strategic priorities of a strong investment in education; public safety and gang prevention; affordable housing; environmental protection; transportation improvements; and revenue diversification to reduce the burden on the homeowner.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County of Fairfax, Virginia, Department of Finance, 12000 Government Center Parkway, Fairfax, Virginia, 22035. This report can also be found on the County's web site at www.fairfaxcounty.gov.



Basic Financial Statements

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



COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
June 30, 2021

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
ASSETS			
Equity in pooled cash and temporary investments	\$ 1,183,787,356	104,322,559	1,288,109,915
Cash in banks/with fiscal agents	-	-	-
Investments	1,045,065,650	-	1,045,065,650
Receivables (net of allowances):			
Accounts	25,014,653	1,363,801	26,378,454
Accrued interest	7,055,300	-	7,055,300
Property taxes:			
Delinquent	28,372,527	-	28,372,527
Not yet due	3,503,193,330	-	3,503,193,330
Business license taxes - delinquent	2,618,259	-	2,618,259
Loans	61,831,321	-	61,831,321
Notes	-	-	-
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	132,073,410	64,973,713	197,047,123
Due from primary government	-	-	-
Due from component units	331,817	-	331,817
Loan to component unit	9,599,400	-	9,599,400
Lease to component unit	34,925,000	-	34,925,000
Inventories of supplies	3,265,136	453,527	3,718,663
Prepaid and other assets	2,035,283	-	2,035,283
Restricted assets:			
Equity in pooled cash and temporary investments	17,027,995	235,966,039	252,994,034
Cash and temporary investments with fiscal agents	92,045,040	17,941,505	109,986,545
Deposit held in trust	-	-	-
Investments	-	32,570,543	32,570,543
Property held for sale	1,404,724	-	1,404,724
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	463,397,346	18,063,764	481,461,110
Construction in progress	351,041,565	285,175,888	636,217,453
Equipment under construction	30,595,562	-	30,595,562
Software in development	20,430,576	-	20,430,576
Depreciable/amortizable:			
Vehicles and equipment	543,738,120	17,164,967	560,903,087
Software	181,156,545	-	181,156,545
Library collections	118,851,208	-	118,851,208
Purchased capacity	-	1,154,792,912	1,154,792,912
Buildings and improvements	2,029,958,517	91,850,481	2,121,808,998
Infrastructure	1,200,301,478	1,461,362,424	2,661,663,902
Accumulated depreciation	(1,745,241,237)	(793,296,772)	(2,538,538,009)
Accumulated amortization	(75,284,330)	(491,765,757)	(567,050,087)
Total assets	9,479,905,495	2,200,939,594	11,680,845,089
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for pension contributions subsequent to the measurement date	273,129,715	5,387,683	278,517,398
Deferred outflow for change in proportion (pensions)	18,173,024	1,474,940	19,647,964
Deferred outflow for differences between expected and actual experience (pensions)	41,443,103	1,108,033	42,551,136
Deferred outflow of recognition of pension investments	399,016,828	3,897,205	402,914,033
Deferred outflow for changes in assumptions (pensions)	16,291,949	257,664	16,549,613
Deferred outflow for OPEB contributions subsequent to the measurement date	16,526,889	435,536	16,962,425
Deferred outflow for change in proportion (OPEB)	55,185	-	55,185
Deferred outflow for differences between expected and actual experience (OPEB)	13,636,719	359,607	13,996,326
Deferred outflow for recognition of investments (OPEB)	8,930,075	235,490	9,165,565
Deferred outflow for changes in assumptions (OPEB)	65,317,805	1,722,463	67,040,268
Deferred loss on refunding of debt	53,002,643	36,004,193	89,006,836
Total deferred outflows of resources	\$ 905,523,935	50,882,814	956,406,749

See accompanying notes to the financial statements.

EXHIBIT A

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
			ASSETS
613,277,432	-	1,901,387,347	Equity in pooled cash and temporary investments
41,361,658	-	41,361,658	Cash in banks/with fiscal agents
2,205,000	-	1,047,270,650	Investments
			Receivables (net of allowances):
20,861,903	-	47,240,357	Accounts
164,281	-	7,219,581	Accrued interest
			Property taxes:
-	-	28,372,527	Delinquent
-	-	3,503,193,330	Not yet due
-	-	2,618,259	Business license taxes - delinquent
-	-	61,831,321	Loans
28,389,985	-	28,389,985	Notes
			Due from intergovernmental units (net of allowances):
-	-	211,313,944	Property tax relief - not yet due
68,758,139	-	265,805,262	Other
5,445,615	-	5,445,615	Due from primary government
-	-	331,817	Due from component units
-	-	9,599,400	Loan to component unit
-	-	34,925,000	Lease to component unit
1,545,933	-	5,264,596	Inventories of supplies
3,592,390	-	5,627,673	Prepaid and other assets
			Restricted assets:
142,519,777	-	395,513,811	Equity in pooled cash and temporary investments
70,853,116	-	180,839,661	Cash and temporary investments with fiscal agents
9,108,543	-	9,108,543	Deposit held in trust
1,212,739	-	33,783,282	Investments
-	-	1,404,724	Property held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
490,689,367	-	972,150,477	Land and easements
338,294,348	-	974,511,801	Construction in progress
-	-	30,595,562	Equipment under construction
777,072	-	21,207,648	Software in development
			Depreciable/amortizable:
428,577,093	-	989,480,180	Vehicles and equipment
13,260,834	-	194,417,379	Software
20,612,968	-	139,464,176	Library collections
-	-	1,154,792,912	Purchased capacity
5,140,688,973	-	7,262,497,971	Buildings and improvements
-	-	2,661,663,902	Infrastructure
(2,917,086,420)	-	(5,455,624,429)	Accumulated depreciation
(10,104,410)	-	(577,154,497)	Accumulated amortization
4,515,006,336	-	16,195,851,425	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
444,228,423	-	722,745,821	Deferred outflow for pension contributions subsequent to the measurement date
38,437,161	-	58,085,125	Deferred outflow for change in proportion (pensions)
			Deferred outflow for differences between expected and actual experience (pensions)
49,293,817	-	91,844,953	Deferred outflow of recognition of pension investments
322,769,725	-	725,683,758	Deferred outflow for changes in assumptions (pensions)
207,754,017	-	224,303,630	Deferred outflow for OPEB contributions subsequent to the measurement date
			Deferred outflow for change in proportion (OPEB)
29,644,869	-	46,607,294	Deferred outflow for differences between expected and actual experience (OPEB)
8,232,662	-	8,287,847	Deferred outflow for recognition of investments (OPEB)
65,274,927	-	79,271,253	Deferred outflow for changes in assumptions (OPEB)
5,661,857	-	14,827,422	Deferred loss on refunding of debt
15,847,722	-	82,887,990	
-	-	89,006,836	
1,187,145,180	-	2,143,551,929	Total deferred outflows of resources

continued

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
June 30, 2021

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
LIABILITIES			
Accounts payable and accrued liabilities	\$ 117,741,754	1,962,745	119,704,499
Accrued salaries and benefits	100,010,620	2,352,592	102,363,212
Contract retainages	9,668,916	27,957,265	37,626,181
Accrued interest payable	36,300,568	6,238,664	42,539,232
Due to intergovernmental units	8,826,838	-	8,826,838
Due to primary government	-	-	-
Due to component units	5,445,615	-	5,445,615
Unearned revenue	-	-	-
Other	193,640,522	-	193,640,522
Performance and other deposits	121,955,737	-	121,955,737
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	249,098,031	-	249,098,031
Revenue bonds payable, net	46,156,989	36,133,788	82,290,777
Notes payable, net	645,000	-	645,000
Compensated absences payable	74,226,029	1,557,921	75,783,950
Landfill closure and postclosure obligation	36,000	-	36,000
Obligations under capital leases and installment purchases	1,192,467	-	1,192,467
Insurance and benefit claims payable	26,291,000	-	26,291,000
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	1,323,915	-	1,323,915
Portion due or payable after one year:			
General obligation bonds payable, net	2,324,618,854	-	2,324,618,854
Revenue bonds payable, net	674,430,064	799,211,374	1,473,641,438
Notes payable, net	449,737,544	-	449,737,544
Compensated absences payable	87,329,316	1,632,067	88,961,383
Landfill closure and postclosure obligation	49,383,018	-	49,383,018
Obligations under capital leases and installment purchases	1,800,090	-	1,800,090
Insurance and benefit claims payable	56,496,000	-	56,496,000
Net pension liability	2,194,716,908	41,009,432	2,235,726,340
Net OPEB liability	15,939,689	420,338	16,360,027
Loan from primary government	-	-	-
Unearned Rent	-	-	-
Other	14,649,355	-	14,649,355
Total liabilities	6,861,660,839	918,476,186	7,780,137,025
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenue	3,754,774,602	-	3,754,774,602
Deferred revenue - other	6,003,506	-	6,003,506
Deferred gain on refunding	6,933,249	4,763,412	11,696,661
Deferred inflow related to differences between actual and expected experience (pensions)	62,498,918	490,250	62,989,168
Deferred inflow for change in proportion (pensions)	392,522	208,695	601,217
Deferred inflow related to differences between actual and expected experience (OPEB)	7,015,555	185,004	7,200,559
Deferred recognition of OPEB investments	-	-	-
Deferred inflow for change in proportion (OPEB)	-	12,803	12,803
Deferred inflow for change in assumptions (OPEB)	125,748,662	3,316,055	129,064,717
Reduction of capital lease	-	-	-
Total deferred inflows of resources	3,963,367,014	8,976,219	3,972,343,233
NET POSITION			
Net investment in capital assets	2,347,835,603	1,207,780,108	3,555,615,711
Restricted for:			
Grant programs	5,632,351	-	5,632,351
Repair and replacement	-	-	-
Community centers	13,397,526	-	13,397,526
Housing	-	-	-
Transportation	336,651,809	-	336,651,809
Capital projects	-	-	-
Debt service	-	17,941,505	17,941,505
Unrestricted (deficit)	(3,143,115,712)	98,648,390	(3,044,467,322)
Net position	\$ (439,598,423)	1,324,370,003	884,771,580

See accompanying notes to the financial statements.

EXHIBIT A
concluded

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
			LIABILITIES
59,155,890	-	178,860,389	Accounts payable and accrued liabilities
99,627,361	-	201,990,573	Accrued salaries and benefits
15,242,521	-	52,868,702	Contract retainages
15,633,261	-	58,172,493	Accrued interest payable
3,599,450	-	12,426,288	Due to intergovernmental units
331,817	-	331,817	Due to primary government
-	-	5,445,615	Due to component units
35,659,870	-	35,659,870	Unearned revenue
-	-	193,640,522	Other
20,057,911	-	142,013,648	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
-	-	249,098,031	General obligation bonds payable, net
715,457	-	83,006,234	Revenue bonds payable, net
26,610,170	-	27,255,170	Notes payable, net
30,336,474	-	106,120,424	Compensated absences payable
-	-	36,000	Landfill closure and postclosure obligation
28,305,987	-	29,498,454	Obligations under capital leases and installment purchases
30,833,347	-	57,124,347	Insurance and benefit claims payable
645,300	-	645,300	Loan from primary government
201,343	-	201,343	Unearned Rent
-	-	1,323,915	Other
			Portion due or payable after one year:
-	-	2,324,618,854	General obligation bonds payable, net
18,970,625	-	1,492,612,063	Revenue bonds payable, net
61,877,402	-	511,614,946	Notes payable, net
15,964,175	-	104,925,558	Compensated absences payable
-	-	49,383,018	Landfill closure and postclosure obligation
81,486,318	-	83,286,408	Obligations under capital leases and installment purchases
41,283,388	-	97,779,388	Insurance and benefit claims payable
4,209,841,631	-	6,445,567,971	Net pension liability
388,542,684	-	404,902,711	Net OPEB liability
8,954,100	-	8,954,100	Loan from primary government
4,229,146	-	4,229,146	Unearned Rent
-	-	14,649,355	Other
5,198,105,628	-	12,978,242,653	Total liabilities
			DEFERRED INFLOWS OF RESOURCES
-	-	3,754,774,602	Deferred tax revenue
-	-	6,003,506	Deferred revenue - other
-	-	11,696,661	Deferred gain on refunding
179,279,757	-	242,268,925	Deferred inflow related to differences between actual and expected experience (pensions)
20,195,670	-	20,796,887	Deferred inflow for change in proportion (pensions)
			Deferred inflow related to differences between actual and expected experience (OPEB)
24,530,882	-	31,731,441	Deferred recognition of OPEB investments
24,831,484	-	24,831,484	Deferred inflow for change in proportion (OPEB)
677,139	-	689,942	Deferred inflow for change in assumptions (OPEB)
95,665,131	-	224,729,848	Reduction of capital lease
3,044,188	-	3,044,188	Total deferred inflow of resources
348,224,251	-	4,320,567,484	
			NET POSITION
3,304,655,268	(1,680,137,478)	5,180,133,501	Net investment in capital assets
			Restricted for:
37,843,039	-	43,475,390	Grant programs
700,000	-	700,000	Repair and replacement
-	-	13,397,526	Community centers
47,575,932	-	47,575,932	Housing
-	-	336,651,809	Transportation
101,905,820	(101,905,820)	-	Capital projects
-	-	17,941,505	Debt service
(3,336,858,422)	1,782,043,298	(4,599,282,446)	Unrestricted (deficit)
155,821,637	-	1,040,593,217	Net position

COUNTY OF FAIRFAX, VIRGINIA
Statement of Activities
For the fiscal year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government administration	\$ 258,112,138	38,861,891	5,727,797	6,984,266
Judicial administration	71,191,932	9,275,977	25,113,265	-
Public safety	882,293,607	73,317,201	64,356,610	794,816
Public works	282,251,099	176,467,547	4,829,382	21,900,500
Health and welfare	797,755,569	42,688,380	354,371,202	420,421
Community development	569,687,675	268,142,659	49,793,854	34,303,458
Parks, recreation, and cultural	133,178,188	16,160,486	770,371	13,260
Education - for Public Schools	2,339,297,904	-	-	-
Interest on long-term debt	99,955,370	-	-	-
Total governmental activities	<u>5,433,723,482</u>	<u>624,914,141</u>	<u>504,962,481</u>	<u>64,416,721</u>
Business-type activities:				
Public works - Sewer	<u>195,221,272</u>	<u>251,162,619</u>	-	<u>1,475,624</u>
Total business-type activities	<u>195,221,272</u>	<u>251,162,619</u>	-	<u>1,475,624</u>
Total primary government	<u>5,628,944,754</u>	<u>876,076,760</u>	<u>504,962,481</u>	<u>65,892,345</u>
Component units:				
Public Schools	3,320,812,299	76,892,323	411,859,293	194,679,133
Redevelopment and Housing Authority	129,242,102	41,444,041	90,915,113	-
Park Authority	101,775,493	30,993,539	-	25,000,214
Economic Development Authority	<u>63,793,551</u>	-	-	<u>1,750,000</u>
Total component units	<u>\$ 3,615,623,445</u>	<u>149,329,903</u>	<u>502,774,406</u>	<u>221,429,347</u>

General revenues:

Taxes:

- Real property
- Personal property
- Business licenses
- Local sales and use
- Consumers utility
- Recordation
- Occupancy, tobacco, and other
- Grants and contributions not restricted to specific programs
- Revenue from the use of money
- Revenue from primary government
- Other

Total general revenues

Change in net position

Net position, July 1, 2020, as previously restated

Prior period adjustment

Net position, July 1, 2020, as restated

Net position, June 30, 2021

See accompanying notes to the financial statements.

EXHIBIT A-1

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Total	
Governmental Activities	Business-type Activities	Total Primary Government	Component Units	Functions/Programs
(206,538,184)	-	(206,538,184)	-	Primary government:
(36,802,690)	-	(36,802,690)	-	Governmental activities:
(743,824,980)	-	(743,824,980)	-	General government administration
(79,053,670)	-	(79,053,670)	-	Judicial administration
(400,275,566)	-	(400,275,566)	-	Public safety
(217,447,704)	-	(217,447,704)	-	Public works
(116,234,071)	-	(116,234,071)	-	Health and welfare
(2,339,297,904)	-	(2,339,297,904)	-	Community development
(99,955,370)	-	(99,955,370)	-	Parks, recreation, and cultural
(4,239,430,139)	-	(4,239,430,139)	-	Education - for Public Schools
				Interest on long-term debt
				Total governmental activities
				Business-type activities:
-	57,416,971	57,416,971	-	Public works - Sewer
-	57,416,971	57,416,971	-	Total business-type activities
(4,239,430,139)	57,416,971	(4,182,013,168)	-	Total primary government
				Component units:
			(2,637,381,550)	Public Schools
			3,117,052	Redevelopment and Housing Authority
			(45,781,740)	Park Authority
			(62,043,551)	Economic Development Authority
			(2,742,089,789)	Total component units
				General revenues:
				Taxes:
\$ 3,008,700,940	-	3,008,700,940	-	Real property
432,944,446	-	432,944,446	-	Personal property
180,132,797	-	180,132,797	-	Business licenses
263,801,220	-	263,801,220	-	Local sales and use
104,787,720	-	104,787,720	-	Consumers utility
42,977,172	-	42,977,172	-	Recordation
20,532,652	-	20,532,652	-	Occupancy, tobacco, and other
211,422,769	-	211,422,769	577,036,007	Grants and contributions not restricted to specific programs
(5,159,355)	790,769	(4,368,586)	1,073,695	Revenue from the use of money
-	-	-	2,262,328,957	Revenue from primary government
-	-	-	3,438,640	Other
4,260,140,361	790,769	4,260,931,130	2,843,877,299	Total general revenues
20,710,222	58,207,740	78,917,962	101,787,510	Change in net position
(460,308,645)	1,266,162,263	805,853,618	31,066,502	Net position, July 1, 2020, as previously restated
			22,967,625	Prior period adjustment
			54,034,127	Net position, July 1, 2020, as restated
\$ (439,598,423)	1,324,370,003	884,771,580	155,821,637	Net position, June 30, 2021

COUNTY OF FAIRFAX, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2021

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 466,239,498	448,247,461	914,486,959
Investments	532,813,376	512,252,274	1,045,065,650
Receivables (net of allowances):			
Accounts	10,633,316	14,376,675	25,009,991
Accrued interest	-	7,055,300	7,055,300
Property taxes:			
Delinquent	28,372,527	-	28,372,527
Not yet due	3,503,193,330	-	3,503,193,330
Business license taxes - delinquent	2,618,259	-	2,618,259
Loans	-	61,831,321	61,831,321
Due from intergovernmental units (net of allowances):			
Not yet due	211,313,944	-	211,313,944
Other	52,605,958	78,978,183	131,584,141
Due from component units	331,817	-	331,817
Loan to component unit	-	9,599,400	9,599,400
Lease to component unit	-	34,925,000	34,925,000
Interfund receivables	834,601	-	834,601
Prepaid and other assets	1,702,289	332,994	2,035,283
Restricted assets:			
Equity in pooled cash and temporary investments	-	17,027,995	17,027,995
Cash with fiscal agents	672,124	91,372,916	92,045,040
Property held for sale	-	1,404,724	1,404,724
Total assets	<u>4,811,331,039</u>	<u>1,277,404,243</u>	<u>6,088,735,282</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	<u>\$ 4,811,331,039</u>	<u>1,277,404,243</u>	<u>6,088,735,282</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 29,163,240	79,349,450	108,512,690
Accrued salaries and benefits	78,904,257	18,693,766	97,598,023
Contract retainages	2,348	9,666,568	9,668,916
Due to intergovernmental units	29,794	8,797,044	8,826,838
Due to component units	3,444,701	2,000,914	5,445,615
Interfund payables	1,577,996	834,601	2,412,597
Unearned revenue	154,947,042	100,553,608	255,500,650
Performance and other deposits	82,730,157	39,225,580	121,955,737
Total liabilities	<u>350,799,535</u>	<u>259,121,531</u>	<u>609,921,066</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenue	3,754,774,602	-	3,754,774,602
Unavailable revenue	21,209,579	11,379,045	32,588,624
Total deferred inflows of resources	<u>3,775,984,181</u>	<u>11,379,045</u>	<u>3,787,363,226</u>
Total liabilities and deferred inflows of resources	<u>\$ 4,126,783,716</u>	<u>270,500,576</u>	<u>4,397,284,292</u>

continued

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES			
Nonspendable:			
Prepaid amounts	\$ 1,702,289	332,994	2,035,283
Total Nonspendable	1,702,289	332,994	2,035,283
Restricted for:			
Public safety, courts, and judicial	-	37,016,436	37,016,436
General public works	-	116,443,293	116,443,293
Stormwater management	-	90,191,555	90,191,555
Transportation	-	356,413,484	356,413,484
Social services, health and welfare	-	2,881,495	2,881,495
Housing and community development	-	45,013,165	45,013,165
Parks, recreation, and cultural	-	14,163,058	14,163,058
Debt service	-	10,920,181	10,920,181
Capital projects	-	83,364,946	83,364,946
Other purposes	-	7,072,814	7,072,814
Total Restricted	-	763,480,427	763,480,427
Committed to:			
Revenue stabilization	228,917,962	-	228,917,962
Managed reserves	182,576,859	-	182,576,859
Public safety, courts, and judicial	658,813	2,334,021	2,992,834
Transportation	-	26,616,996	26,616,996
Social services, health and welfare	1,892,893	38,791,924	40,684,817
Housing and community development	46,559,602	18,529,911	65,089,513
Parks, recreation, and cultural	995,508	-	995,508
Debt service	-	5,662,300	5,662,300
Capital projects	-	167,873,221	167,873,221
Other purposes	39,011,234	-	39,011,234
Total Committed	500,612,871	259,808,373	760,421,244
Assigned to:			
Public safety, courts, and judicial	13,699,913	-	13,699,913
General public works	5,350,833	-	5,350,833
Social services, health and welfare	9,036,907	-	9,036,907
Housing and community development	3,343,327	-	3,343,327
Parks, recreation, and cultural	304,364	-	304,364
Other purposes	5,027,186	-	5,027,186
Total Assigned	36,762,530	-	36,762,530
Unassigned:	145,469,633	(16,718,127)	128,751,506
Total fund balances	684,547,323	1,006,903,667	1,691,450,990
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,811,331,039	1,277,404,243	6,088,735,282

See accompanying notes to the financial statements.

continued

COUNTY OF FAIRFAX, VIRGINIA
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2021

EXHIBIT A-2
concluded

Fund balances - Total governmental funds \$ 1,691,450,990

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds:

Non-depreciable/non-amortizable assets:		
Land and Easements	\$ 461,458,658	
Construction in progress	336,066,329	
Equipment under construction	26,629,872	
Software in development	20,430,576	
Depreciable/amortizable assets:		
Vehicles and equipment	340,489,420	
Software	178,955,958	
Library collections	118,851,208	
Buildings and improvements	2,007,742,780	
Infrastructure	<u>1,195,703,688</u>	
Total capital assets	4,686,328,489	
Less accumulated depreciation/amortization	<u>(1,659,519,620)</u>	3,026,808,869

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

Delinquent taxes (net of allowances):		
Property	\$ 24,316,869	
Business license	2,618,259	
Sales and use and other taxes	1,048,917	
Other charges for services		
Lease to component unit	<u>34,925,000</u>	62,909,045

When an asset is recorded in governmental fund financial statements, but the revenue is not available, it is reported as deferred inflow of resources in the funds:

Sales and use and other taxes	\$ 23,021,043	
EMS transport and other charges for services	<u>2,515,158</u>	25,536,201

Investment fair value adjustment is recorded in the government-wide statements but not in the fund financial statements (2,655,186)

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

Deferred loss on refunding of debt	\$ 53,002,643	
Deferred gain on refunding of debt	<u>(6,933,249)</u>	46,069,394

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

Deferred outflow for pension contributions subsequent to the measurement date	\$ 273,129,715	
Deferred outflow for change in proportion (pensions)	18,173,024	
Deferred outflow for differences between expected and actual experience (pensions)	41,443,103	
Deferred outflow for recognition of pension investments	399,016,828	
Deferred outflow for changes in assumptions (pensions)	16,291,949	
Deferred inflow for differences between expected and actual experience (pensions)	(62,498,918)	
Deferred inflow for change in proportion (pensions)	(392,522)	
Deferred outflow for OPEB contributions subsequent to the measurement date	16,526,889	
Deferred outflow for change in proportion (OPEB)	55,185	
Deferred outflow for differences between expected and actual experience (OPEB)	13,636,719	
Deferred outflow for recognition of investments (OPEB)	8,930,075	
Deferred outflow for changes in assumptions (OPEB)	65,317,805	
Deferred inflow related to differences between actual and expected experience (OPEB)	(7,015,555)	
Deferred inflow for change in assumptions (OPEB)	<u>(125,748,662)</u>	656,865,635

Certain other receivables are accrued only in the government-wide statements 486,917

Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Assets:		
Current assets	\$ 276,805,729	
Capital assets	253,142,428	
Less accumulated depreciation/amortization	(161,005,947)	
Liabilities	<u>(98,301,184)</u>	270,641,026

Long-term liabilities related to governmental fund activities are not due and payable in the current period and, therefore, are not reported in the funds:

General obligation bonds payable, net	\$ (2,573,716,885)	
Revenue bonds payable, net	(720,587,053)	
Notes payable	(450,382,544)	
Compensated absences payable	(157,682,822)	
Landfill closure and postclosure obligation	(49,419,018)	
Obligations under capital leases and installment purchases	(2,992,557)	
Net pension liability	(2,194,716,908)	
Net OPEB liability	(15,939,689)	
Other long-term liabilities	(15,973,270)	
Accrued interest on long-term debt	<u>(36,300,568)</u>	(6,217,711,314)

Net position of governmental activities \$ (439,598,423)



COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2021

EXHIBIT A-3

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 3,987,017,016	61,508,767	4,048,525,783
Permits, privilege fees, and regulatory licenses	57,091,315	19,574,669	76,665,984
Intergovernmental	492,467,179	351,481,633	843,948,812
Charges for services	37,731,261	323,602,165	361,333,426
Fines and forfeitures	6,294,096	85,183	6,379,279
Developers' contributions	-	24,277,538	24,277,538
Revenue from the use of money and property	25,774,719	12,849,807	38,624,526
Recovered costs	8,502,496	9,197,927	17,700,423
Gifts, donations, and contributions	612,547	2,323,320	2,935,867
Total revenues	4,615,490,629	804,901,009	5,420,391,638
EXPENDITURES			
Current:			
General government administration	204,608,479	7,154,904	211,763,383
Judicial administration	61,256,531	997,450	62,253,981
Public safety	734,927,745	67,690,972	802,618,717
Public works	93,498,804	113,518,671	207,017,475
Health and welfare	378,540,159	376,127,798	754,667,957
Community development	88,912,424	253,708,214	342,620,638
Parks, recreation, and cultural	38,033,431	14,247,852	52,281,283
Intergovernmental:			
Community development	67,192,619	109,629,000	176,821,619
Parks, recreation, and cultural	37,909,623	28,374,025	66,283,648
Education - for Public Schools	2,156,536,123	182,761,781	2,339,297,904
Capital outlay:			
General government administration	23,472,494	8,724,883	32,197,377
Judicial administration	116,469	-	116,469
Public safety	1,721,862	53,787,143	55,509,005
Public works	86,002	58,529,814	58,615,816
Health and welfare	2,590,446	16,940,961	19,531,407
Community development	27,083	22,573,347	22,600,430
Parks, recreation, and cultural	4,374,410	6,679,495	11,053,905
Debt service:			
Principal retirement	895,579	317,676,444	318,572,023
Interest and other charges	29,944	128,901,281	128,931,225
Total expenditures	3,894,730,227	1,768,024,035	5,662,754,262
Excess (deficiency) of revenues over (under) expenditures	720,760,402	(963,123,026)	(242,362,624)
OTHER FINANCING SOURCES (USES)			
Transfers in	7,139,163	727,606,761	734,745,924
Transfers out	(651,171,626)	(99,068,047)	(750,239,673)
General obligation bonds issued	-	254,190,000	254,190,000
Premium on general obligation bonds issued	-	36,549,140	36,549,140
General obligation refunding bonds issued	-	294,060,000	294,060,000
Lease revenue refunding bonds issued	-	55,650,000	55,650,000
Premium on lease revenue refunding bonds issued	-	5,682,049	5,682,049
Payments to refunded bonds escrow agent	-	(293,126,253)	(293,126,253)
Capital leases	-	1,274,161	1,274,161
Total other financing sources (uses)	(644,032,463)	982,817,811	338,785,348
Net change in fund balances	76,727,939	19,694,785	96,422,724
Fund balances, July 1, 2020	607,819,384	987,208,882	1,595,028,266
Fund balances, June 30, 2021	\$ 684,547,323	1,006,903,667	1,691,450,990

See accompanying notes to the financial statements.

continued

COUNTY OF FAIRFAX, VIRGINIA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the fiscal year ended June 30, 2021

EXHIBIT A-3
concluded

Net change in fund balances - Total governmental funds	\$	96,422,724
Amounts reported for governmental activities in the statement of activities (Exhibit A-1) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.		
Capital outlays	\$ 199,624,409	
Less depreciation/amortization expense	<u>(125,281,685)</u>	74,342,724
In the statement of activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the net book value (i.e., depreciated cost) of the capital asset dispositions.		
		(34,515,651)
Certain transactions such as donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		
		38,086,348
Build America Bonds interest subsidy accrual is not recognized as revenue in the fund statements		
		(50,280)
Some of the County's receivables will not be collected soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflow in the funds:		
Delinquent property taxes	\$ 3,732,608	
Delinquent business license taxes	(131,440)	
Other charges for services	<u>289,823</u>	3,890,991
Some revenues will not be collected for several months after the fiscal year ends, hence, they are not considered "available" revenues and are deferred inflow of resources in the governmental funds:		
Sales and use and other taxes	\$ 1,749,996	
EMS transport and other charges for services	<u>1,808,170</u>	3,558,166
Investment fair value adjustment is recorded in the government-wide statements but not in the fund financial statements		
		(9,964,013)
The receipt of principal payments for the lease to the component unit does not result in a revenue in the statement of activities.		
		(1,685,000)
The issuance of long-term debt, including premiums, is reported as other financing sources in the governmental funds and thus, increases fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. The following were issued:		
Series 2021A General Obligation Bonds	\$ (290,739,140)	
Series 2020B General Obligation Refunding Bonds	(294,060,000)	
Lease revenue refunding bonds	(61,332,049)	(647,405,350)
Obligations under capital leases and installment purchases	<u>(1,274,161)</u>	
OPEB costs are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements, resulting in a net difference.		
		(1,776,737)
Certain other long-term liabilities are recognized only in the government-wide statements, resulting in a net difference.		
		861,569
The repayment of the principal amounts of long-term debt is reported as an expenditure or as an other financing use when debt is refunded in governmental funds and thus, reduces fund balance. However, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.		
Principal repayments of matured bonds, notes, and loans	\$ 313,964,000	
Payment to escrow agent to refund bonds	293,126,253	
Principal payments of capital leases and installment purchases	<u>4,608,023</u>	611,698,276
Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is affected as this interest accrues and as bond-related items are amortized. This difference in interest reporting is as follows:		
Accrued interest on bonds, loans, and capital leases	\$ (12,012,325)	
Amortization of bond premiums and discounts	50,811,781	
Amortization of deferred gains on bond refundings	1,404,948	
Amortization of deferred losses on bond refundings	<u>(11,168,308)</u>	29,036,096
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:		
Landfill closure and postclosure costs	\$ (585,996)	
Compensated absences	(10,693,983)	
Net pension liability	<u>(139,322,411)</u>	(150,602,390)
Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net position is reported with governmental activities.		
		<u>8,812,749</u>
Change in net position of governmental activities	\$	<u>20,710,222</u>

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2021

EXHIBIT A-4

	Business-type Activities - <u>Enterprise Fund</u> Integrated Sewer System	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Equity in pooled cash and temporary investments	\$ 104,322,559	271,955,583
Accounts receivable	568,834	4,662
Due from intergovernmental units (net of allowance)	64,973,713	2,352
Interfund receivables	-	1,577,996
Inventories of supplies	453,527	3,265,136
Total unrestricted current assets	<u>170,318,633</u>	<u>276,805,729</u>
Restricted assets:		
Equity in pooled cash and temporary investments	235,966,039	-
Temporary investments with fiscal agents	17,941,505	-
Investments with fiscal agents	32,570,543	-
Total restricted current assets	<u>286,478,087</u>	<u>-</u>
Total current assets	<u>456,796,720</u>	<u>276,805,729</u>
Long-term assets:		
Capital assets:		
Non-depreciable/non-amortizable:		
Land	17,407,323	1,938,688
Easements	656,441	-
Construction in progress	285,175,888	14,975,236
Equipment under construction	-	3,965,690
Depreciable/amortizable:		
Vehicles and equipment	17,164,967	203,248,700
Software	-	2,200,587
Purchased capacity	1,154,792,912	-
Buildings and improvements	91,850,481	22,215,737
Infrastructure	1,461,362,424	4,597,790
Accumulated depreciation	(793,296,772)	(159,294,628)
Accumulated amortization	(491,765,757)	(1,711,319)
Total capital assets, net	<u>1,743,347,907</u>	<u>92,136,481</u>
Other long-term asset		
Accounts receivable	794,967	-
Total other long-term asset	<u>794,967</u>	<u>-</u>
Total long-term assets	<u>1,744,142,874</u>	<u>92,136,481</u>
Total assets	<u>2,200,939,594</u>	<u>368,942,210</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow for pension contributions subsequent to the measurement date	5,387,683	-
Deferred outflow for change in proportion (pensions)	1,474,940	-
Deferred outflow for differences between expected and actual experience (pensions)	1,108,033	-
Deferred outflow for changes in assumptions (pensions)	257,664	-
Deferred outflow of recognition of pension investments	3,897,205	-
Deferred outflow for OPEB contributions subsequent to the measurement date	435,536	-
Deferred outflow for differences between expected and actual experience (OPEB)	359,607	-
Deferred outflow for recognition of investments (OPEB)	235,490	-
Deferred outflow for changes in assumptions (OPEB)	1,722,463	-
Deferred amounts from the refunding of debt	36,004,193	-
Total deferred outflows of resources	<u>\$ 50,882,814</u>	<u>-</u>

See accompanying notes to the financial statements.

continued

EXHIBIT A-4
concluded

	Business-type Activities - <u>Enterprise Fund</u> Integrated Sewer System	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,962,745	9,229,064
Accrued salaries and benefits	2,352,592	2,412,597
Contract retainages	27,957,265	-
Accrued interest payable	6,238,664	-
Revenue bonds payable, net	36,133,788	-
Compensated absences payable	1,557,921	1,679,723
Insurance and benefit claims payable	-	26,291,000
Total current liabilities	<u>76,202,975</u>	<u>39,612,384</u>
Long-term liabilities:		
Revenue bonds payable, net	799,211,374	-
Compensated absences payable	1,632,067	2,192,800
Insurance and benefit claims payable	-	56,496,000
Net pension liability	41,009,432	-
Net other postemployment benefit liability	420,338	-
Total long-term liabilities	<u>842,273,211</u>	<u>58,688,800</u>
Total liabilities	<u>918,476,186</u>	<u>98,301,184</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to differences between actual and expected experience (pensions)	490,250	-
Deferred inflow for change in proportion (pensions)	208,695	-
Deferred inflow related to differences between actual and expected experience (OPEB)	185,004	-
Deferred inflow for change in proportion (OPEB)	12,803	-
Deferred inflow for change in assumptions (OPEB)	3,316,055	-
Deferred gain on refunding	4,763,412	-
Total deferred inflow of resources	<u>8,976,219</u>	-
NET POSITION		
Net investment in capital assets	1,207,780,108	92,136,481
Restricted for:		
Debt service	17,941,505	-
Unrestricted	98,648,390	178,504,545
Net position	<u>\$ 1,324,370,003</u>	<u>270,641,026</u>

COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2021

EXHIBIT A-5

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 216,447,771	309,103,449
Recovered costs	-	86,554
Total operating revenues	<u>216,447,771</u>	<u>309,190,003</u>
OPERATING EXPENSES:		
Personnel services	39,859,440	33,856,977
Materials and supplies	16,915,830	3,325,630
Equipment operation and maintenance	-	27,599,123
Risk financing and benefit payments	-	189,068,507
Depreciation and amortization	65,629,470	17,735,447
Professional consultant and contractual services	52,419,831	33,266,019
Other	-	12,002,990
Total operating expenses	<u>174,824,571</u>	<u>316,854,693</u>
Operating gain (loss)	<u>41,623,200</u>	<u>(7,664,690)</u>
NONOPERATING REVENUES (EXPENSES):		
Availability fees	34,714,848	-
Interest revenue	790,769	518,976
Interest expense	(19,458,780)	(60,241)
Bond issuance costs	(993,208)	-
Gain on disposal of capital assets	55,287	473,685
Total nonoperating revenues (expenses)	<u>15,108,916</u>	<u>932,420</u>
Gain (loss) before contributions and transfers	56,732,116	(6,732,270)
Capital contributions	1,475,624	51,270
Transfers in	-	15,493,749
Change in net position	<u>58,207,740</u>	<u>8,812,749</u>
Net position, July 1, 2020	<u>1,266,162,263</u>	<u>261,828,277</u>
Net position, June 30, 2021	<u>\$ 1,324,370,003</u>	<u>270,641,026</u>

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2021

EXHIBIT A-6

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 213,832,425	-
Receipts from interfund services provided	-	309,218,509
Payments to suppliers and contractors	(68,520,776)	(63,838,927)
Payments to employees	(37,093,208)	(33,756,409)
Claims and benefits paid	-	(196,282,511)
Payments for interfund services used	-	(4,356,976)
Net cash provided by operating activities	<u>108,218,441</u>	<u>10,983,686</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	15,493,749
Net cash provided by noncapital financing activities	<u>-</u>	<u>15,493,749</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Availability fees received	34,714,848	-
Capital grants received	51,862	-
Increase in contracts payable	4,041,052	-
Principal payments on sewer revenue bonds	(29,088,088)	-
Interest payments on sewer revenue bonds	(20,885,736)	-
Revenue bonds issued, including premium	270,107,705	-
Escrow for refunded bonds	(29,269,064)	-
Payment of bond issuance costs	(993,208)	-
Proceeds from sale of capital assets	55,287	530,680
Purchase of capital assets, other than purchased capacity	(98,100,207)	(17,768,178)
Acquisition of purchased capacity	(30,647,350)	-
Principal payments on obligations under capital leases	-	(1,199,341)
Interest payments on obligations under capital leases	-	(60,241)
Net cash used in capital and related financing activities	<u>99,987,101</u>	<u>(18,497,080)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of restricted investments	25,778,477	-
Purchases of restricted investments	(34,116,478)	-
Interest received	402,200	518,976
Net cash provided by investing activities	<u>(7,935,801)</u>	<u>518,976</u>
Net increase (decrease) in cash and cash equivalents	200,269,741	8,499,331
Cash and cash equivalents, July 1, 2020	140,018,857	263,456,252
Cash and cash equivalents, June 30, 2021	<u>\$ 340,288,598</u>	<u>271,955,583</u>

Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating income (loss)	\$ 41,623,200	(7,664,690)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	65,629,470	17,735,447
Change in assets and liabilities:		
Decrease in accounts receivable	-	16,711
Increase in intergovernmental receivables	(2,615,346)	(1,541)
Decrease in interfund receivables	-	13,336
(Increase)/Decrease in inventories of supplies	(19,188)	277,328
Decrease in other assets	306,938	-
Increase in accounts payable and accrued liabilities	527,135	501,421
Increase in pension and OPEB related deferred outflows and deferred inflows	2,156,418	-
Increase in accrued salaries and benefits	609,814	105,674
Increase in due to intergovernmental units	-	-
Total adjustments to operating income	<u>66,595,241</u>	<u>18,648,376</u>
Net cash provided by operating activities	<u>\$ 108,218,441</u>	<u>10,983,686</u>

Noncash investing, capital, and financing activities:

Capital contributions - sewer lines, manholes, and equipment	\$ 1,423,762	-
Gain on disposal of capital assets	-	473,685
Net increase in long-term debt resulting from the issuance of loans/revenue bonds by UOSA	19,939,089	-
Amortization of bond premium	2,371,450	-
Increase in deferred gain recognized resulting from the issuance of refunded revenue bonds	3,969,019	-
Increase in fair value of investments not classified as cash and cash equivalents	2,002	-
Removal of purchased capacity through credit of UOSA debt	177,000	-
UOSA adjustment to bond payments	(1,893)	-
Net decrease in long-term debt resulting from the sale of purchased capacity	<u>(365,706)</u>	<u>-</u>

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Fiduciary Net Position
Trust and Custodial Funds
June 30, 2021

EXHIBIT A-7

	Pension/OPEB Trust Funds	Custodial Funds
ASSETS		
Equity in pooled cash and temporary investments	\$ 14,218,046	3,011,029
Cash collateral for securities lending	163,689,487	-
Accounts receivable	-	171,806
Contributions receivable	23,095,209	-
Accrued interest and dividends receivable	16,117,817	-
Receivable from sale of pension investments	158,576,311	-
Buildings and improvements	26,328	-
Vehicles and equipment	31,410	-
Investments:		
U.S. Government and agency securities	358,422,272	-
Asset-backed securities	266,604,457	-
Corporate and other bonds	604,238,906	-
Common and preferred stock	1,726,685,525	-
Short-term investments	453,469,787	-
Investment in pooled funds	6,099,599,271	-
Total assets	<u>9,884,774,826</u>	<u>3,182,835</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows of resources	-	-
LIABILITIES		
Accounts payable and accrued liabilities	21,851,385	103
Payable for purchase of pension investments	155,359,012	-
Liabilities for collateral received under securities lending agreements	163,689,487	-
Due to intergovernmental units	-	450,993
Performance and other deposits	-	790,526
Compensated absences	531,050	-
Total liabilities	<u>341,430,934</u>	<u>1,241,622</u>
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows of resources	-	-
NET POSITION		
Net position restricted for OPEB benefits	423,896,368	-
Net position restricted for pension benefits	9,119,447,524	-
Net position restricted for individuals, organizations, and other governments	-	1,941,213
Total net position	<u>\$ 9,543,343,892</u>	<u>1,941,213</u>

COUNTY OF FAIRFAX, VIRGINIA
Statement of Changes in Fiduciary Net Position
Trust and Custodial Funds
For the fiscal year ended June 30, 2021

EXHIBIT A-8

	Pension/OPEB Trust Funds	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 365,632,588	-
Plan members	67,583,443	-
Other	97,913	-
Total contributions	<u>433,313,944</u>	<u>-</u>
Investment income:		
From investment activities:		
Net appreciation in fair value of investments	2,066,925,441	-
Interest	61,520,512	9,035
Dividends	34,693,808	-
Total income from investment activities	<u>2,163,139,761</u>	<u>9,035</u>
Less investment activities expenses:		
Management fees	92,650,184	588
Other	4,118,050	-
Total investment activities expenses	<u>96,768,234</u>	<u>588</u>
Net income from investment activities	<u>2,066,371,527</u>	<u>8,447</u>
From securities lending activities:		
Securities lending income	<u>2,165,935</u>	<u>-</u>
Less securities lending expenses:		
Management fees	653,144	-
Total securities lending activities expenses	<u>653,144</u>	<u>-</u>
Net income from securities lending activities	<u>1,512,791</u>	<u>-</u>
Net investment income	<u>2,067,884,318</u>	<u>8,447</u>
Collections:		
Taxes and fees for other governments	-	17,520,943
Intergovernmental for individuals	-	446,424
Penalty for other governments and organizations	-	927,395
Other for organizations and individuals	-	1,273,268
Total collections	<u>-</u>	<u>20,168,030</u>
Total additions	<u>2,501,198,262</u>	<u>20,176,477</u>
DEDUCTIONS		
Benefits	583,865,128	-
Refunds of contributions	5,489,916	-
Administrative expenses	3,994,193	72,765
Payments:		
Taxes and fees to other governments	-	17,725,631
Intergovernmental collections to individuals	-	530,056
Penalties to other governments and organizations	-	927,489
Other collections to organizations and individuals	-	838,600
Total payments	<u>-</u>	<u>20,021,776</u>
Total deductions	<u>593,349,237</u>	<u>20,094,541</u>
Change in net position	1,907,849,025	81,936
Net position, July 1, 2020	7,635,494,867	-
Prior period adjustment	-	1,859,277
Net position, June 30, 2021	<u>\$ 9,543,343,892</u>	<u>1,941,213</u>

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2021

	Public Schools	Redevelopment and Housing Authority	Park Authority
ASSETS			
Equity in pooled cash and temporary investments	\$ 550,215,017	24,333,274	38,729,141
Cash in banks/with fiscal agents/escrow	228,513	41,133,145	-
Investments	-	2,205,000	-
Receivables (net of allowances):			
Accounts	15,397,845	5,423,898	40,160
Accrued interest	12,538	151,743	-
Notes	-	28,389,985	-
Due from intergovernmental units	68,572,705	-	185,434
Due from primary government	235,842	-	4,739,473
Inventories of supplies	1,399,420	-	146,513
Prepaid and other assets	88,906	3,325,914	177,570
Restricted assets:			
Equity in pooled cash and temporary investments	121,248,325	-	17,271,452
Cash with fiscal agents	-	70,853,116	-
Deposit held in trust	-	9,108,543	-
Investments	-	1,212,739	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	46,837,095	44,390,873	399,461,399
Construction in progress	321,205,883	3,876,835	13,211,630
Software in development	777,072	-	-
Depreciable/amortizable:			
Vehicles and equipment	407,108,608	7,386,182	14,063,014
Software	13,260,834	-	-
Library collections	20,612,968	-	-
Buildings and improvements	4,363,348,374	235,420,384	540,743,404
Accumulated depreciation	(2,474,902,989)	(147,896,675)	(294,267,557)
Accumulated amortization	(9,073,162)	-	-
Total assets	<u>3,446,573,794</u>	<u>329,314,956</u>	<u>734,501,633</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for pension contributions subsequent to the measurement date	432,392,843	3,738,600	7,137,297
Deferred outflow for change in proportion (pensions)	37,288,238	821,196	233,364
Deferred outflow for differences between expected and actual experience (pensions)	46,739,211	790,639	1,581,217
Deferred outflow for recognition of pension investments	313,784,588	2,780,860	5,561,503
Deferred outflow for changes in assumptions (pensions)	207,159,963	183,857	367,700
Deferred outflow for OPEB contributions subsequent to the measurement date	28,535,246	299,996	762,640
Deferred outflow for change in proportion (OPEB)	7,968,631	-	264,031
Deferred outflow for differences between expected and actual experience (OPEB)	64,349,797	249,188	635,654
Deferred outflow for recognition of investments (OPEB)	5,056,032	163,182	416,261
Deferred outflow for changes in assumptions (OPEB)	11,416,489	1,193,574	3,044,686
Total deferred outflows of resources	<u>\$ 1,154,691,038</u>	<u>10,221,092</u>	<u>20,004,353</u>

See accompanying notes to the financial statements.

EXHIBIT A-9

Economic Development Authority	Total Component Units	
		ASSETS
-	613,277,432	Equity in pooled cash and temporary investments
-	41,361,658	Cash in banks/with fiscal agents/escrow
-	2,205,000	Investments
		Receivables (net of allowances):
-	20,861,903	Accounts
-	164,281	Accrued interest
-	28,389,985	Notes
-	68,758,139	Due from intergovernmental units
470,300	5,445,615	Due from primary government
-	1,545,933	Inventories of supplies
-	3,592,390	Prepaid and other assets
		Restricted assets:
4,000,000	142,519,777	Equity in pooled cash and temporary investments
-	70,853,116	Cash with fiscal agents
-	9,108,543	Deposit held in trust
-	1,212,739	Investments
		Capital assets:
		Non-depreciable/non-amortizable:
-	490,689,367	Land and easements
-	338,294,348	Construction in progress
-	777,072	Software in development
		Depreciable/amortizable:
19,289	428,577,093	Equipment
-	13,260,834	Software
-	20,612,968	Library collections
1,176,811	5,140,688,973	Buildings and improvements
(19,199)	(2,917,086,420)	Accumulated depreciation
(1,031,248)	(10,104,410)	Accumulated amortization
4,615,953	4,515,006,336	Total assets
		DEFERRED OUTFLOWS OF RESOURCES
959,683	444,228,423	Deferred outflow for pension contributions subsequent to the measurement date
94,363	38,437,161	Deferred outflow for change in proportion (pensions)
182,750	49,293,817	Deferred outflow for differences between expected and actual experience (pensions)
642,774	322,769,725	Deferred outflow for recognition of pension investments
42,497	207,754,017	Deferred outflow for changes in assumptions (pensions)
46,987	29,644,869	Deferred outflow for OPEB contributions subsequent to the measurement date
-	8,232,662	Deferred outflow for change in proportion (OPEB)
40,288	65,274,927	Deferred outflow for differences between expected and actual experience (OPEB)
26,382	5,661,857	Deferred outflow for recognition of investments (OPEB)
192,973	15,847,722	Deferred outflow for changes in assumptions (OPEB)
2,228,697	1,187,145,180	Total deferred outflows of resources

continued

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2021

	Public Schools	Redevelopment and Housing Authority	Park Authority
LIABILITIES			
Accounts payable and accrued liabilities	\$ 48,118,697	5,428,436	5,500,106
Accrued salaries and benefits	93,914,708	1,003,133	4,347,871
Contract retainages	15,037,923	-	204,598
Accrued interest payable	980,521	14,629,945	22,795
Due to intergovernmental units	1,917,045	1,682,405	-
Due to primary government	196,515	-	135,302
Unearned revenue	18,394,983	955,593	12,309,294
Performance and other deposits	17,116,723	2,126,939	814,249
Long-term liabilities:			
Portion due or payable within one year:			
Revenue bonds payable, net	-	715,457	-
Notes payable	-	26,610,170	-
Compensated absences payable	27,334,200	476,932	2,308,319
Obligations under capital leases and installment purchases	28,305,987	-	-
Insurance and benefit claims payable	30,833,347	-	-
Loan from primary government	-	-	645,300
Unearned rent	-	-	-
Portion due or payable after one year:			
Revenue bonds payable, net	-	18,970,625	-
Notes payable	-	61,877,402	-
Compensated absences payable	11,714,658	447,459	3,466,319
Obligations under capital leases and installment purchases	81,486,318	-	-
Insurance and benefit claims payable	41,283,388	-	-
Net OPEB liability	387,461,319	291,271	743,003
Loan from primary government	-	-	8,954,100
Unearned rent	4,154,666	-	-
Net pension liability	4,115,292,996	29,262,385	58,522,476
Total liabilities	4,923,543,994	164,478,152	97,973,732
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to differences between actual and expected experience (pensions)	178,149,469	349,819	699,611
Deferred inflow for change in proportion and assumptions (pensions)	14,990,759	1,191,418	2,973,122
Deferred inflow related to differences between actual and expected experience (OPEB)	24,054,938	128,198	327,019
Deferred recognition of OPEB investments	24,831,484	-	-
Deferred inflow for change in proportion (OPEB)	370,725	124,246	-
Deferred inflow for change in assumptions (OPEB)	87,134,202	2,297,846	5,861,575
Reduction of capital lease	3,044,188	-	-
Total deferred inflow of resources	332,575,765	4,091,527	9,861,327
NET POSITION			
Net investment in capital assets	2,564,344,454	76,552,671	663,612,490
Restricted for:			
Grant and education programs	36,335,113	-	-
Repair and replacement	-	-	700,000
Housing	-	47,575,932	-
Capital projects	67,602,452	-	34,303,368
E.C. Lawrence Trust - Nonexpendable reserve	-	-	1,507,926
Unrestricted (deficit)	(3,323,136,946)	46,837,766	(53,452,857)
Net position	\$ (654,854,927)	170,966,369	646,670,927

See accompanying notes to the financial statements.

EXHIBIT A-9

concluded

Economic Development Authority	Total Component Units	
LIABILITIES		
108,651	59,155,890	Accounts payable and accrued liabilities
361,649	99,627,361	Accrued salaries and benefits
-	15,242,521	Contract retainages
-	15,633,261	Accrued interest payable
-	3,599,450	Due to intergovernmental units
-	331,817	Due to primary government
4,000,000	35,659,870	Unearned revenue
-	20,057,911	Performance and other deposits
		Long-term liabilities:
		Portion due or payable within one year:
-	715,457	Revenue bonds payable, net
-	26,610,170	Notes payable
217,023	30,336,474	Compensated absences payable
-	28,305,987	Obligations under capital leases and installment purchases
-	30,833,347	Insurance and benefit claims payable
-	645,300	Loan from primary government
201,343	201,343	Unearned rent
		Portion due or payable after one year:
-	18,970,625	Revenue bonds payable, net
-	61,877,402	Notes payable
335,739	15,964,175	Compensated absences payable
-	81,486,318	Obligations under capital leases and installment purchases
-	41,283,388	Insurance and benefit claims payable
47,091	388,542,684	Net OPEB liability
-	8,954,100	Loan from primary government
74,480	4,229,146	Unearned rent
6,763,774	4,209,841,631	Net pension liability
12,109,750	5,198,105,628	Total liabilities
DEFERRED INFLOWS OF RESOURCES		
80,858	179,279,757	Deferred inflow related to differences between actual and expected experience (pensions)
1,040,371	20,195,670	Deferred inflow for change in proportion (pensions)
20,727	24,530,882	Deferred inflow related to differences between actual and expected experience (OPEB)
-	24,831,484	Deferred recognition of OPEB investments
182,168	677,139	Deferred inflow for change in proportion (OPEB)
371,508	95,665,131	Deferred inflow for change in assumptions (OPEB)
-	3,044,188	Reduction of capital lease
1,695,632	348,224,251	Total deferred inflow of resources
NET POSITION		
145,653	3,304,655,268	Net investment in capital assets
		Restricted for:
-	36,335,113	Grant and education programs
-	700,000	Repair and replacement
-	47,575,932	Housing
-	101,905,820	Capital projects
-	1,507,926	E.C. Lawrence Trust
(7,106,385)	(3,336,858,422)	Unrestricted (deficit)
(6,960,732)	155,821,637	Net position

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Activities
Component Units
For the fiscal year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$ 3,320,812,299	76,892,323	411,859,293	194,679,133
Redevelopment and Housing Authority:				
Community development	129,242,102	41,444,041	90,915,113	-
Park Authority:				
Parks, recreation, and cultural	101,775,493	30,993,539	-	25,000,214
Economic Development Authority:				
Community development	63,793,551	-	-	1,750,000
Total component units	\$ 3,615,623,445	149,329,903	502,774,406	221,429,347

General revenues:

Grants and contributions not restricted to specific programs
Revenue from the use of money
Revenue from primary government
Other
Total general revenues
Change in net position
Net position, July 1, 2020, as previously stated
Prior period adjustment
Net position, July 1, 2020, as restated
Net position, June 30, 2021

See accompanying notes to the financial statements.

EXHIBIT A-10

Net (Expense) Revenue and Changes in Net Position				
Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total Component Units
(2,637,381,550)	-	-	-	(2,637,381,550)
-	3,117,052	-	-	3,117,052
-	-	(45,781,740)	-	(45,781,740)
-	-	-	(62,043,551)	(62,043,551)
<u>(2,637,381,550)</u>	<u>3,117,052</u>	<u>(45,781,740)</u>	<u>(62,043,551)</u>	<u>(2,742,089,789)</u>
\$ 571,864,424	-	5,171,583	-	577,036,007
62,628	940,518	70,549	-	1,073,695
2,143,322,211	4,079,176	52,855,354	62,072,216	2,262,328,957
3,438,640	-	-	-	3,438,640
<u>2,718,687,903</u>	<u>5,019,694</u>	<u>58,097,486</u>	<u>62,072,216</u>	<u>2,843,877,299</u>
81,306,353	8,136,746	12,315,746	28,665	101,787,510
(759,128,905)	162,829,623	634,355,181	(6,989,397)	31,066,502
22,967,625	-	-	-	22,967,625
<u>(736,161,280)</u>	<u>162,829,623</u>	<u>634,355,181</u>	<u>(6,989,397)</u>	<u>54,034,127</u>
<u>\$ (654,854,927)</u>	<u>170,966,369</u>	<u>646,670,927</u>	<u>(6,960,732)</u>	<u>155,821,637</u>



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

Blended Component Units

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

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

Small District One - The Board of Supervisors created Small District One, which is located within the Dranesville Magisterial District, in 1970 to provide for the construction of a

community center and the operation of its social, cultural, educational, and recreational facilities. This small district is reported as a separate special revenue fund of the County, the McLean Community Center Fund, it is governed by the Board, and the County maintains operational and management responsibility for the district. Separate financial statements are not prepared for Small District One.

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

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

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

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

Discretely Presented Component Units

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

Fairfax County Public Schools (Public Schools) - Public Schools is responsible for elementary and secondary education within the County. The School Board is elected by County voters. Public School systems do not have taxing authority under Virginia Code;

Public Schools is fiscally dependent on the County. Public Schools operations are funded primarily by the County's General Fund, and the County issues general obligation debt for Public Schools' capital projects.

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

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

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

Related Organizations

The Board of Supervisors is also responsible for appointing the members of the boards of Fairfax Water, and the Industrial Development Authority of Fairfax County (IDAFIC). The IDAFIC does not have a significant operational or financial relationship with the County. Fairfax Water bills and collects for the sales of sewer services on behalf of the County's sewer system. During fiscal year 2021, Fairfax Water collected approximately \$202.2 million on behalf of the County, and as of June 30, 2021, the County has receivables of approximately \$51.0 million due from Fairfax Water.

Joint Ventures

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

The County is a participant in the Northern Virginia Regional Park Authority (NVRPA). NVRPA is a joint venture created under the Virginia Park Authorities Act of 1959 to protect and preserve Northern Virginia's rich heritage of woods, meadows, lakes, and streams. The governing body of NVRPA is comprised of two members from each of the 6 member jurisdictions: Fairfax, Arlington, and Loudoun Counties, and the Cities of Alexandria, Falls Church, and Fairfax. Each member jurisdiction provides contributions in direct proportion to its share of the region's population. The County's contributions are accounted for in the County Construction capital projects fund. The County has no explicit and measurable financial interest in NVRPA. Complete financial statements of NVRPA can be obtained by writing to NVRPA, 5400 Ox Road, Fairfax Station, Virginia 22039.

Jointly Governed Organization

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

2. Basis of Presentation

Government-wide Statements

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

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

Fund Financial Statements

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

The County reports the following major fund types:

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

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

The County reports the following nonmajor governmental fund types:

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

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

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

The County reports the following additional fund types:

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

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

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

3. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Statements

The government-wide, proprietary, trust, and custodial fund 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, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and entitlements. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. For the trust funds, consisting of employee retirement and OPEB plans, member and employer contributions as applicable are

recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. For the Sewer System, principal operating revenues include sales to existing customers for continuing sewer service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Also, unbilled Sewer System receivables, net of an allowance for uncollectible accounts, are recorded at year end to the extent they can be estimated.

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

Governmental Fund Financial Statements

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

4. Pooled Cash and Temporary Investments

The County maintains cash and temporary investments for all funds and component units in a single pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts in order to comply with the provisions of bond indentures. As of June 30, 2021, the pooled cash and temporary investments have been allocated between the County and the respective component units based upon their respective ownership percentages. Temporary investments consist of money market investments that have a remaining maturity at the time of purchase of one year or less and are reported at amortized cost, which approximates fair value. Interest earned, less an administrative charge, is allocated generally to the respective funds and component units based on each fund’s or unit’s equity in the pooled account. In accordance with the County’s legally adopted operating budget, interest earned by certain funds is assigned directly to the General Fund. For the year ended June 30, 2021, interest earned by these funds and assigned directly to the County’s General Fund is as shown on the right.

Primary Government	
Nonmajor Governmental Funds	\$ 1,927,084
Internal Service Funds	214,169
Custodial Funds	1,426
Total primary government	2,142,679
Component Units	
Public Schools	1,389,212
FCRHA	10,319
Park Authority	38,813
Total component units	1,438,344
Total reporting entity	\$ 3,581,023

5. Cash and Cash Equivalents

For purposes of the statements of cash flows, the amounts reported as cash and cash equivalents for the proprietary fund types represent amounts maintained in the reporting entity’s investment pool, as they are considered to be demand deposits for the purpose of complying with GASB Statement No. 9, “Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting.”

6. Investments

Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value. Other investments are reported at fair value or net asset value as required by GAAP. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Asset-backed securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. Investment ownership is recorded as of the trade date. Transactions are finalized and money movement occurs on the settlement date. Investments are held as pooled assets and not individually attributed to funds. For presentation purposes, these have been allocated proportionally between the County General Fund and Nonmajor Governmental Funds. For the retirement system, cash received as collateral on securities lending transactions and investments made with such cash are reported as assets and as related liabilities for collateral received.

7. Investments in Derivatives

The County Retirement Systems (the Systems), which include the Employees’ (ERS), Police Officers (PORS), and Uniformed (URS) Retirement Systems, as well as the Educational Retirement System (ERFC) of the Public Schools component unit, invest in derivatives as permitted by the Code of Virginia and in accordance with policies set by their respective Board of Trustees. Derivative instruments are financial contracts with valuations dependent on the values of one or more underlying

assets, reference rates or financial indices. Detailed information on derivative investments is found in Note B.

8. Inventories and Prepaid Items

For inventories and prepaid items the consumption method of accounting is used. Under this method, inventories are expensed as they are consumed as operating supplies and spare parts in the period to which they apply. Inventories are valued and carried on an average unit cost basis. Prepaid items represent non-inventory transactions that do not qualify for expense or expenditure recognition, but the cash flow occurred as of the end of the fiscal year but prior to meeting the requirements for liability recognition.

9. Restricted Assets

Restricted assets are liquid assets which have third-party limitations on their use. When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

Unspent amounts from the issuance of general obligation bonds are reported as restricted assets in the County’s capital projects funds. The County also holds deposits under the terms of performance agreements. The County may require a developer to enter into these agreements in order to ensure that certain structures and improvements are completed according to approved site plans. The deposits are released to the developer when the terms of the agreement have been satisfied. If the terms of the agreement are not satisfied, the County uses the deposits to correct or complete the project as necessary. The amount of the deposits held is reported as restricted assets in the General Fund.

In accordance with the provisions of the 1985 General Bond Resolution as modified through July 2009, certain assets of the Sewer System are restricted for specific future uses, such as repayment of debt obligations, payments on construction projects, extensions and improvements, or the purchase of additional capacity at certain wastewater treatment facilities for the benefit of the County. As of June 30, 2021, the Sewer System has cash and investments that are restricted for the following uses:

Restricted Assets of the Sewer System	
Unspent bond proceeds	\$ 232,689,428
Long-term debt service requirements	35,847,154
Current debt service requirements	17,941,505
Total restricted assets	\$ 286,478,087

In accordance with requirements of the U. S. Department of Housing and Urban Development and the Virginia Housing Development Authority, the FCRHA is required to maintain certain restricted deposits and funded reserves for repairs and replacements.

The Park Authority and Public School System have restricted assets representing the amount of the debt service reserve requirement pertaining to unspent amounts from general obligation bonds issued by the County.

10. Capital Assets

Depreciable capital assets, including buildings, improvements, equipment, library collections, purchased capacity, and infrastructure, that individually cost \$5,000 or more and software with a cost

of \$100,000 or more, with useful lives greater than one year, and non-depreciable assets including land and permanent right-of-way easements which have no threshold, are reported in the proprietary funds and applicable governmental or business-type activities columns in the government-wide financial statements. The County has capitalized general infrastructure assets, including solid waste disposal facilities, storm water management facilities, public drainage systems, mass transportation facilities, commercial revitalization improvements, and public trails and walkways that were acquired or substantially improved subsequent to July 1, 1980. The County does not capitalize roads and bridges as these belong to the Commonwealth of Virginia.

Purchased capacity consists of payments made by the Sewer System under intermunicipal agreements with the District of Columbia Water and Sewer Authority (Blue Plains), UOSA, Alexandria Sanitation Authority (ASA), Arlington County, Loudoun Water, and Prince William County Service Authority (PWSA) for the Sewer System’s allocated share of improvements to certain specified treatment facilities owned and operated by these jurisdictions.

Purchased capital assets are stated at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value as of the date of donation. Capital assets are depreciated/amortized over their estimated useful lives using the straight-line method. The estimated useful lives are shown in the table on the right.

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

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

11. Compensated Absences

All reporting entity employees earn annual leave based on a prescribed formula which allows employees with less than ten years of service to accumulate a maximum of 240 hours and employees with ten years or more of service to accumulate a maximum of 320 hours of annual leave as of the end of each year. In addition, employees, except for Public Schools employees, may accrue compensatory leave for hours worked in excess of their scheduled hours. Compensatory leave in excess of 240 hours at the end of the calendar year is forfeited.

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

12. Pensions and OPEB Plans

The reporting entity administers multiple public employee retirement systems and OPEB plans. The net pension and OPEB liabilities 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 plan during the current fiscal year are reflected as a deferred outflow of resources which will impact the pension expense of the subsequent year. Benefits and refunds are recognized when due and payable in

accordance with the terms of each plan. Detailed information about the individual retirement systems and their respective pension plans is found in Note G. Information regarding the OPEB plans is found in Note H.

13. Net Position

Net position is comprised of three categories: Net investment in capital assets; Restricted net position; and Unrestricted net position. The first category of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that is attributable to these capital assets. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to those assets. As of June 30, 2021, the primary government had \$373.6 million restricted net position, of which \$350.1 million was restricted by enabling legislation. Net position which is neither restricted nor related to net investment in capital assets, is reported as unrestricted net position.

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

Because this debt is related to capital assets and restricted assets of the reporting entity as a whole, the debt amount of \$1,782.0 million should be reclassified as shown below to present the total reporting entity column of Exhibit A. Reclassification as presented on Exhibit A consumes restricted in the amount of \$101.9 million for capital projects with the balance of \$1,782.0 million to unrestricted.

Net Position (summarized)	Primary Government	Component Units	Reclassification of Debt Issued for:			Total Reporting Entity
			Public Schools Facilities	Park Authority Facilities	Total Reclassification of Debt Issued	
Net investment in capital assets	\$ 3,555,615,711	3,304,655,268	(1,507,855,715)	(172,281,763)	(1,680,137,478)	5,180,133,501
Restricted	373,623,191	188,024,791	(86,842,293)	(15,063,527)	(101,905,820)	459,742,162
Unrestricted	(3,044,467,322)	(3,336,858,422)	1,594,698,008	187,345,290	1,782,043,298	(4,599,282,446)
Net position	\$ 884,771,580	155,821,637	-	-	-	1,040,593,217

14. Fund Balance Classification

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

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

15. Encumbrances

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

	Encumbrance Balance
Primary Government	
General Fund	
Public safety, courts, and judicial	\$ 13,699,913
General public works	5,350,833
Social services, health and welfare	9,036,907
Housing and community development	3,343,327
Parks, recreation, and cultural	304,364
Other purposes	18,827,317
Total General Fund	<u>50,562,661</u>
Capital Projects Funds	
Capital Project	<u>\$ 169,090,715</u>

16. Stabilization and Managed Reserve

In 1983, through resolution the Board of Supervisors established a policy to maintain a managed reserve in the general fund at a level sufficient for temporary financing of unforeseen emergency needs or to permit orderly adjustment to changes resulting from the termination of revenue sources through actions of other governmental bodies. The reserve is maintained at a level of not less than 2.0 percent of total general fund disbursements. The balance is adjusted as a part of the quarterly budget review process. The Board increased the target to 4.0 percent in April of 2015.

In 1999, the Board of Supervisors passed a resolution establishing the revenue stabilization fund. The revenue stabilization fund is included in the general fund for reporting purposes. The purpose of the revenue stabilization fund is to provide a mechanism for maintaining a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy. Three specific criteria must be met to draw from this fund. Projected revenues must reflect a decrease greater than 1.5 percent from the current year estimate, withdrawals must not exceed one-half of the fund balance in any fiscal year, and withdrawals must be used in conjunction with spending cuts or other measures.

17. Recovered Costs

Reimbursements from another government, organization, or private company for utilities, tuition fees, vehicle insurance, and services rendered or provided to citizens are recorded as recovered costs in the fund financial statements.

18. Intermunicipal Agreements

The Sewer System has entered into several intermunicipal agreements for the purpose of sharing sewage flow and treatment facility costs (see Note K). The payments made to reimburse operating costs and debt service requirements are recorded as expenses in the year due. Payments made to fund the Sewer System’s portion of facility expansion and upgrade costs are capitalized as purchased capacity (see Note F). The Sewer System amortizes these costs over the period in which benefits are expected to be derived, which is between 30 and 99 years, depending on time of installation.

The City of Fairfax (the City) makes payments to the County for the City’s share of certain governmental services and debt service costs. Payments for governmental services such as court, jail, custody, health, library, and County agent services are recorded as revenue in the General Fund. Debt service payments represent the City’s share of principal and interest and are recorded as revenue in the County Debt Service Fund. In addition, the City pays the County a share of the local portion of all public assistance payments and services including related administrative costs, which is recorded as revenue in the General Fund. The City of Falls Church makes payments to the County for the full cost of the local portion of public assistance payments (including allocated administrative costs) and for the use of special County health facilities by Falls Church residents. These payments are recorded as revenue in the General Fund.

The County and the cities of Fairfax and Falls Church comprise the Fairfax-Falls Church Community Services Board (CSB), established under State mandate in 1969, to provide community-based supports for individuals and families of the three jurisdictions that are affected by developmental delay, developmental disabilities, serious emotional disturbance, mental illness and/or substance use disorders. The CSB uses the County as its fiscal agent. The operations of the CSB, including payments received from these cities for services performed by the County, are reported in a special revenue fund.

19. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The differences are reflected in the period known unless deemed significant by management.

B. DEPOSITS AND INVESTMENTS

1. Deposit and Investment Policies

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

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

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

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

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

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

The primary government's OPEB trust fund and its component unit's OPEB trust fund are participants in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust, sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The primary government's and component unit's respective shares in this pool are reported on the face of the corresponding OPEB trust fund statements as found in the other supplementary information section of the ACFR. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compound annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 5 percent after inflation, in a manner consistent with prudent risk-taking. Investment decisions for the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of

such performance. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 8 East Canal Street, Suite 100, Richmond, Virginia 23219.

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

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

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

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

2. Fair Value Measurement

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

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

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

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

Level 3 Includes unobservable information to arrive at the valuation.

The Primary Government has the following investments measured at fair value as of June 30, 2021:

Pooled investments		Quoted Prices in Active markets for Identical Assets		Observable Inputs other than Quoted Prices		Significant Unobservable Inputs
		Level 1	Level 2	Level 2	Level 3	
Investments by Fair Value Level	6/30/2021			Primary Government	Component Unit	
Cash & Cash Equivalents:						
Negotiable Certificates of Deposit	\$ 890,000,000	-	693,187,369	196,812,631	-	-
Commercial Paper	654,416,193	-	509,700,044	144,716,149	-	-
Fixed Income Securities:						
US Treasury and Agencies	554,051,267	-	431,529,596	122,521,671	-	-
Corporate Notes	264,814,382	-	206,253,916	58,560,466	-	-
Total investment by Fair Value Level	\$ 2,363,281,842	-	1,840,670,925	522,610,917	-	-

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

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

available in their separately issued ACFRs. Information on how these may be viewed can be found in Note G.

Pension holdings reported at fair value and net asset value are presented below:

Primary Government - Pension Trust Funds:		Fair Value Measurements Using		
		Quoted Prices in Active markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investments by Fair Value Level	6/30/2021	Level 1	Level 2	Level 3
Asset-backed securities	\$ 266,604,457	-	82,805,696	183,798,761
Convertible or exchangeable securities	12,976,183	-	12,976,183	-
Convertible securities	435,463	435,463	-	-
Corporate and other bonds	506,250,162	22,350,383	380,571,136	103,328,643
Equity	1,713,952,913	1,630,511,756	(495,730)	83,936,887
Futures contracts	22,256,521	22,256,521	-	-
International bonds	30,216,011	-	30,216,011	-
Natural resources	4,425,275	-	-	4,425,275
Preferred securities	8,307,337	4,131,110	4,148,581	27,646
Real estate	32,104,566	32,104,566	-	-
US government obligations	358,422,272	-	358,422,272	-
Total investment by Fair Value Level	\$ 2,955,951,160	1,711,789,799	868,644,149	375,517,212
Investments measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute return	\$1,173,952,307	-	Daily, Monthly, Quarterly	2-90 days
Global equity	1,335,948,774	454,641,287	None, Daily, Monthly, Quarterly	0 - 90 days, N/A
Global fixed income	1,744,074,123	388,369,349	Quarterly, Semi-Annually	0 - 90 days, N/A
Global multi-asset	875,749,449	-	Daily, Monthly, Quarterly	1-90 days
Global real assets	548,869,452	179,269,575	None, Daily, Quarterly	0-60 days, N/A
Total investments measured at the NAV	5,678,594,105	1,022,280,211		
Investments Measured at Amortized Cost				
Short Term	453,469,787			
Total investments	\$ 9,088,015,052			

Absolute Return: This type includes relative value hedge funds which implement long and short relative value strategies to capture structural returns across multiple asset classes including equity sectors, equity indices, fixed income, currency and commodities. The funds classified as absolute return also include the following:

Global Macro: This type includes hedge funds that invest long/short across fixed income, currency, equity and commodity markets. The process is equally driven by analysis of the macro environment, flows of capital, the expected reaction to changes in interest rates, trend following and other drivers. This type also includes Commodity Trading Advisor (CTA) that analyzes market prices to determine trends then uses tactical asset allocation to capture and ride market trends. The fund is a diversified portfolio with exposure to currencies, commodities, bonds and short interest rates, and equity indices at various times. These exposures are typically achieved through the use of derivatives which allows quick response because of the high liquidity in the derivative markets.

Equity long/short hedge funds: This type includes hedge funds that invest both long and short primarily in the U.S. common stock market. Each of the funds have different strategies. Each of the

hedge fund strategies requires a longer hold period to realize value so each fund has quarterly liquidity and forty five day notice period for redemptions.

Multi-strategy: This type includes an event-driven multi-strategy fund that invests in distressed debt, risk arbitrage, event equities, convertible arbitrage, and volatility trades. This type includes hedge funds that use quantitative and qualitative tools to optimize return per unit of volatility.

Event Driven: This type includes investment in a hedge fund that focuses on global long/short credit and event driven positions, investing across the capital structure.

Global Equity: This type includes domestic equity fund that uses derivative instruments to replace long equity exposures, and international equity funds providing traditional long-only international equity exposure. This type also includes private equity stakes in investment management firms and thus a share of the firm's revenues and capital appreciation.

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

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

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

Global Fixed Income: This includes fixed income, direct lending, and opportunistic types of securities. Fixed income consists of funds providing leveraged exposure to US and international government issued inflation-linked bonds, and emerging market debt fund. This also includes funds that invests in Mortgage Backed, Asset Backed and other distressed securities believed to be priced below the fundamental credit risk inherent in those securities. Direct Lending includes private debt funds conducting middle market corporate and commercial mortgage direct lending with negotiated senior secured loans to borrowers that are too small to attract the attention of conventional banks and lenders. Loan payments are also distributed on a monthly or quarterly basis. The loans are held at book value unless a payment default has occurred at which time a third-party appraisal value is determined. Opportunistic credit includes funds investing in public and private debt, equity and real estate as opportunities present themselves. These investments cannot be redeemed. The distributions are received through the liquidation of underlying assets of the funds over a period of years as per the terms of the fund.

Global Multi-Asset: This type includes funds that invest across multiple asset classes using a risk balance approach in their asset allocation with the intent to balance risk across all combinations of Rising and Falling Growth and Inflation. The main goal is to construct a portfolio that achieves the best risk adjusted return at a given expected level of volatility which varies by fund. This is achieved through the use of derivatives and liquid long positions across multiple asset classes.

Global Real Assets: This type includes fund that owns and operates a fleet of commercial bulk container and tanker vessels, fund that purchases interests in other private real estate funds on the secondary market, and fund that owns and operates the real estate, infrastructure and inventory of a cattle feeding operation. This type also includes funds that focuses on publicly traded REITs, listed infrastructures, commodities, MLPs, natural resource equities, precious metals, TIPS, and floating rate/bank loans. The strategy will set long term strategic allocations to those asset classes with broad ranges. The portfolio will be tactically reviewed on a quarterly basis. The other funds classified under this type include the following:

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

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

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

Component Unit - Pension Trust Funds:		Fair Value Measurements Using			
		Quoted Prices in Active markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
Investments by Fair Value Level	6/30/2021	Level 1	Level 2	Level 3	
Short-term securities	\$ 82,434,178	-	82,434,178	-	
Asset and mortgage backed securities	131,235,280	-	131,235,280	-	
Corporate bonds	296,155,653	-	290,200,138	5,955,515	
Convertible securities	7,885,605	433,004	7,452,601	-	
International bonds	48,744,879	-	48,282,977	461,902	
Municipal bonds	629,074	-	629,074	-	
US government obligations	134,299,276	134,299,276	-	-	
Basic industries	114,111,656	114,111,656	-	-	
Consumer services	211,957,163	211,957,163	-	-	
Financial industries	87,022,348	87,022,348	-	-	
Preferred securities	2,847,981	2,847,981	-	-	
REITS	15,429,647	15,429,647	-	-	
Technology	133,056,927	133,056,927	-	-	
Utilities	5,837,841	5,837,841	-	-	
Total investment by Fair Value Level	\$ 1,271,647,508	704,995,843	560,234,248	6,417,417	
Investments measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Commingled large cap equity funds	\$ 520,490,767	-	Daily	None	
Commingled emerging markets equity funds	209,646,091	-	Daily	3 days	
Commingled global equity fund	179,682,927	-	Daily	None	
Commingled global fixed income funds	117,469,670	-	Daily	None	
Commingled emerging markets debt funds	94,630,238	-	Monthly	30 days	
Private markets	238,898,086	153,707,291	Not eligible	N/A	
Commingled Multi asset class solutions	306,184,789	-	Monthly	5 days	
Commingled Hedge funds	187,556,946	-	Monthly	30 days	
Commingled real estate equity funds	138,530,606	-	Daily, quarterly	1 to 90 days	
Private real estate fund	17,601,518	52,678,490	Not eligible	N/A	
Total investments measured at the NAV	2,010,691,638	206,385,781			
Total investments measured at Fair Value	\$ 3,282,339,146				

Commingled Large Cap Equity Fund: The objective of this index fund is to invest in securities and collective funds that together are designed to track the performance of the Russell 1000®.

Commingled Emerging Markets Equity Fund: The fund invests in common stocks and other forms of equity investments issued by emerging market companies of all sizes to obtain long-term capital appreciation.

Commingled Global Equity Funds: The fund in this category is an actively managed, multi-capitalization fund focused on attractively priced companies with strong and/or improving financial productivity. The fund invests in listed global equity securities located in both developed and emerging markets.

Commingled Global Fixed Income Funds: The fund seeks to generate strong risk-adjusted returns from the global bond markets. The strategy focuses on selecting securities with attractive valuations in countries with stable to improving structural outlooks and growth trajectories.

Commingled Emerging Markets Debt Fund: This fund invests in fixed income securities of emerging or developing countries to achieve high current income and long-term capital growth.

Private Equity and Debt Partnerships: This type includes investments in limited partnerships, which generally include the following strategies: buyouts, venture capital, mezzanine, distressed debt,

growth equity and special situations. These investments have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. As of June 30, 2021, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the plan's ownership interest in partners' capital.

Infrastructure - This type invests in assets which provide essential services or facilities to a community such as schools, hospitals, transportation, distribution, communication, power generation, water and waste management. These investments can include limited partnerships and commingled funds and are considered illiquid. The investment seeks to provide long-term risk-adjusted returns, a stable income stream and inflation protection.

Commingled Multi-Asset Class Solutions Funds: This type of fund typically has an unconstrained, non-benchmark oriented investment approach with investments across various asset classes. It may invest in, but is not limited to, equities, fixed income, inflation-linked bonds, currencies and commodities. The objective is to provide attractive returns in any type of economic environments.

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

Private Real Estate Funds: This fund is a limited partnership that makes secondary investments in various types of real estate and real estate entities, such as commingled real estate funds, limited partnerships, joint ventures, real estate operating companies and non-traded REIT vehicles.

Hedge Funds – Opportunistic: This is an alternative type of strategy with a typical return objective of cash plus a premium. It invests across different asset classes.

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

3. Interest Rate Risk

The reporting entity's policy is to minimize the risk that the fair value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk, the reporting entity structures the pooled investment portfolio so that sufficient securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Pooled investments that are purchased to meet liquidity needs shall have a target weighted average maturity of ninety days or less. All other pooled funds are invested primarily in shorter-term securities, with a maximum maturity of five years. The reporting entity's pooled investments as of June 30, 2021, are summarized on the following page:

Investment Type	Valuation	Weighted Average Maturity (Days)
Primary Government - Pooled Investments:		
Pooled Investments:		
U.S. Treasury Securities and Agencies	\$ 431,540,226	1,451
Commercial Paper	509,964,422	81
Corporate Notes and Bonds	206,258,997	581
Money Market Funds	248,089,984	1
Negotiable Certificates of Deposit	693,204,446	158
State of Virginia LGIP	102,123,314	58
Virginia Investment Pool LGIP	179,630,376	47
Total	\$ 2,370,811,765	
Portfolio weighted average maturity		384
Component Units - Pooled Investments:		
U.S. Treasury Securities and Agencies	\$ 122,511,041	1,451
Commercial Paper	144,775,083	81
Corporate Notes	58,555,386	581
Money Market Funds	70,430,890	1
Negotiable Certificates of Deposit	196,795,554	158
State of Virginia LGIP	28,992,044	58
Virginia Investment Pool LGIP	50,995,719	47
Total	\$ 673,055,717	
Portfolio weighted average maturity		384

The primary government's pension trust funds manage interest rate risk for fixed income accounts by limiting the credit quality of the securities held as well as the duration of the portfolio against the duration of the benchmark. The component unit's pension trust fund's fixed income managers utilize the modified duration method to manage interest rate risk. In addition, the fund's investment policy states that the average effective duration of each manager's portfolio should be within 30 percent of the portfolio's benchmark duration.

The investments in debt securities of the pension trust funds of the reporting entity as of June 30, 2021, are summarized as follows:

Interest Rate Risk - Duration Model		
Investment Type	Valuation	Duration (Years)
Primary Government - Pension Trust Funds:		
U.S. Government securities		
Employees' Retirement System	\$ 214,000,466	15.5
Police Officers Retirement System	78,964,276	13.4
Uniformed Retirement System	65,457,530	9.2
Corporate and other bonds		
Employees' Retirement System	378,254,879	2.7
Police Officers Retirement System	82,378,203	4.8
Uniformed Retirement System	113,389,813	3.4
International Bonds		
Employees' Retirement System	29,724,867	4.9
Police Officers Retirement System	-	-
Uniformed Retirement System	491,144	5.8
Asset-backed securities		
Employees' Retirement System	117,362,797	4.7
Police Officers Retirement System	43,380,369	6.0
Uniformed Retirement System	105,861,291	4.2
Short-term investments		
Employees' Retirement System	205,607,282	-
Police Officers Retirement System	65,667,361	-
Uniformed Retirement System	<u>182,195,144</u>	-
Total	<u>\$ 1,682,735,422</u>	
Component Unit - Pension Trust Fund:		
Asset and mortgage backed	\$ 131,235,280	1.0
Convertible securities	7,885,605	0.2
Corporate bonds	296,155,653	3.5
International bonds	48,744,879	0.6
Municipal bonds	629,074	0.0
Short-term investment funds	82,434,178	-
US government obligations	<u>134,299,276</u>	0.9
Total	<u>\$ 701,383,945</u>	

* The underlying assets of the asset-backed securities are predominantly mortgages.

4. Credit Risk

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

types of investments in the pooled portfolio:

- U.S. government agency and GSE instruments should have a rating of least Prime-1 by Moody’s and A-1 by S&P. In those instances when a GSE does not have a rating, a thorough credit and financial analysis will be conducted by county investment staff.
- Prime quality commercial paper shall be rated by at least two of the following: Moody’s, with a rating of P-1; S&P, A-1; Fitch Investor’s Services, Inc. (Fitch), F-1; or by Duff and Phelps, Inc., D-1.
- Mutual funds must have a rating of AAA or better by S&P, Moody’s, or another nationally recognized rating agency.
- 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 shall be rated by at least two of the following: Moody’s, with a rating of P-1; S&P, A-1; Fitch, F-1; or by Duff and Phelps, Inc., D-1.
- Corporate notes must have a rating of at least Aa by Moody’s and a rating of at least AA by S&P.
- Local government investment pool (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.

While the overall investment guidelines for the primary government’s pension trust funds do not specifically address credit risk, investment managers have specific quality limits appropriate for the type of mandate they are managing and that fit within the total risk tolerance of the fund. The component unit’s pension trust fund’s investment policy states that the average credit quality of a fixed income portfolio must be at least A. The policy also permits up to 20 percent of the portfolio to be invested in Moody’s or S&P’s quality rating below Baa or BBB, respectively. If a security is downgraded below the minimum rating, the investment manager must notify the Board of Trustees and an exception to the guidelines must be granted in order for the security to remain in the portfolio.

As of June 30, 2021, investments held by the county pool were rated as follows:

		Credit Quality Rating *					
AA		A-1		AAA-m		Unrated	
Corporate Notes	7.9%	Commercial paper	19.5%	Money Market Funds	1.1%	Demand Deposit Accounts	2.3%
US Treasury and Agencies**	16.6%	Negotiable CD	26.6%	LGIP Bond Funds	10.8% 8.4%	Collateralized CDs	6.8%
24.5%		46.1%		20.3%		9.1%	

* Credit quality ratings are determined using S&P’s short-term and long-term ratings, which approximates the greatest degree of risk as of June 30, 2021.

** U.S.Treasury and Agencies AA+

BASIC FINANCIAL STATEMENTS

The primary government and component units' pension trust funds' credit quality ratings at June 30, 2021, were as follows:

Investment Type	Credit Quality Rating *							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
Primary Government								
Pension Trust Funds:								
U.S. Government obligations	- %	21.3 %	- %	- %	- %	- %	- %	- %
Corporate and other bonds	-	0.5	1.3	3.5	6.8	6.3	2.8	12.8
Asset-backed securities	0.2	4.2	0.2	0.2	1.1	0.7	0.8	8.4
Short-term investments	-	-	-	-	-	-	-	27.0
International bonds	-	0.2	0.1	1.0	0.7	-	-	(0.1)
Component Units								
Pension Trust Fund:								
Asset and mortgage-backed securities	3.4 %	11.2 %	4.2 %	3.9 %	0.6 %	0.3 %	2.1 %	1.4 %
Corporate bonds	-	1.6	6.4	37.7	10.3	4.6	0.4	0.1
Convertible securities	-	-	-	0.8	0.2	0.6	-	-
International bonds	1.9	0.8	1.4	3.1	2.3	0.6	0.1	-
Municipal bonds	-	-	-	0.1	-	-	-	-

* Credit quality ratings are determined using S&P's long-term rating schema, which approximates the greatest degree of risk as of June 30, 2021.

5. Concentration of Credit Risk

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

Investment Type	Maximum Diversification
U.S. Treasury securities and agencies	100% maximum
Negotiable certificates of deposit	40% maximum
Banker's acceptances	35% maximum
Commercial 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 deposit	15% maximum
Bank demand deposit	10% maximum
Supranationals	10% maximum

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

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

The component unit's pension trust fund's policy limits the securities of any one issue to 10 percent at cost and 15 percent at market of each fixed income portfolio. The policy allows an exception for government securities and its agencies. As of June 30, 2021, ERFC had three active fixed income managers. The active manager portfolios had values of \$184.8 million, \$205.5 million and \$270.5 million. The fair value of the largest issue other than the U.S. Government in the portfolios of the active managers, excluding pooled funds, was only 1.43 percent of that portfolio.

6. Custodial Credit Risk

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

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

The Boards of Trustees of the pension trust funds permit the funds to participate in a securities lending program, which is administered by a custodian. Under this program, certain securities are loaned to approved broker/dealers who borrow the securities and provide collateral in the form of cash, U.S. Treasury or government agency securities, letters of credit, and other securities as specified in the securities lending agreement. The value of the collateral for domestic securities must equal 102 percent of the fair value of the security and 105 percent of the market value of the foreign security. The custodian monitors the fair value of the collateral on a daily basis. Cash collateral is invested in a fund which is maintained by the custodian or its affiliate. The pension trust funds did not impose any restrictions during the period on the amounts of loans security lending agents made on their behalf, and the agents have agreed to indemnify the pension trust funds by purchasing replacement securities, or returning the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from the default of a borrower or lending agent. At year end, the pension trust funds had no custodial credit risk exposure to borrowers because the amounts

the pension trust funds owed the borrower exceeded the amounts the borrowers owed the pension trust funds. Information pertaining to the securities lending transactions as of June 30, 2021, is presented as follows:

Securities Lent	Underlying Securities	Cash Collateral Investment Value	Securities Collateral Investment Value
Primary Government - Pension Trust Funds:			
Lent for cash collateral:			
U.S. Government securities	\$ 7,178,483	7,324,516	-
Corporate and other bonds	42,296,228	43,340,791	-
Common and preferred stock	110,296,185	113,024,180	-
Lent for securities collateral:			
U.S. Government securities	81,403,351	-	87,557,268
Corporate and other bonds	10,958,325	-	12,841,020
Common and preferred stock	276,584,027	-	307,083,470
Total securities lent	<u>\$ 528,716,599</u>	<u>163,689,487</u>	<u>407,481,758</u>
Component Unit - Pension Trust Fund:			
Lent for cash collateral:			
Domestic corporate bonds	\$ 55,178,653	56,542,403	-
Domestic stock	76,149,463	77,923,350	-
International bonds	1,794,100	1,877,850	-
International stock	2,271,307	2,399,178	-
U.S. Government securities	8,192,002	8,362,318	-
Total securities lent	<u>\$ 143,585,525</u>	<u>147,105,099</u>	<u>-</u>

7. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment. Per the reporting entity’s policy, pooled investments are limited to U.S. dollar denominated instruments. The pension trust funds are allowed to invest in foreign currency denominated instruments. The component unit’s pension trust fund’s currency risk exposures primarily exist in the international equity and active fixed income holdings. At the present time, there are no specific foreign currency guidelines for equities or active fixed income investments; however, equity and fixed income managers are all measured against specific performance standard and risk guidelines identified in the component unit’s pension trust fund’s investment policy. The fair value in U.S. dollars of the pension trust funds’ foreign currency investments as of June 30, 2021, is presented on the following pages:

Foreign Currency Risk

International Securities	Cash and Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
Primary Government - Pension Trust Funds:				
Australian Dollar	\$ (156,150)	87,018,021	308,659	87,170,530
Brazil Real	2,374	65,123,087	(412,665)	64,712,796
Canadian Dollar	17,069	37,136,394	-	37,153,463
Chilean Peso	-	31,159,581	-	31,159,581
Colombian Peso	27	24,986,269	157,158	25,143,454
Czech Koruna	-	21,744,546	-	21,744,546
Danish Krone	745	29,225,770	6,296,550	35,523,065
Euro Currency Unit	448,647	99,779,287	-	100,227,934
Hong Kong Dollar	148,858	22,845,417	8,995,911	31,990,186
Hungarian Forint	-	8,215,461	-	8,215,461
Indian Rupee	5,474	5,454,428	2,290,997	7,750,899
Indonesian Rupiah	-	-	6,250,740	6,250,740
Japanese Yen	1,277,929	82,032,753	-	83,310,682
Malaysian Ringgit	-	102,257	5,958,092	6,060,349
Mexican Peso	-	115,575	5,559,838	5,675,413
New Taiwan Dollar	317,744	8,487,781	-	8,805,525
New Zealand Dollar	-	242,116	4,933,312	5,175,428
Norwegian Krone	-	6,074,384	(249,421)	5,824,963
Peruvian Sol	-	-	117,959	117,959
Philippine Peso	8,274	2,543,471	-	2,551,745
Polish Zloty	-	-	2,191,013	2,191,013
Pound Sterling	53,319	65,545,291	-	65,598,610
Russian Ruble	-	-	1,322,203	1,322,203
Singapore Dollar	31,211	7,932,228	620,539	8,583,978
South African Rand	13	160,767	400,385	561,165
South Korean Won	3,336	4,389,592	(318,893)	4,074,035
Swedish Krona	3,606	13,630,138	(1,682,248)	11,951,496
Swiss Franc	514	28,549,979	(2,755,842)	25,794,651
Thailand Baht	(5)	639,785	(6,695,031)	(6,055,251)
Turkish Lira	-	83,413	-	83,413
Total fair value	<u>\$ 2,162,985</u>	<u>653,217,791</u>	<u>33,289,256</u>	<u>688,670,032</u>

Foreign Currency Risk

International Securities	Cash & Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
Component Unit - Pension Trust Fund: *				
Australian Dollar	\$ 9,480	8,920,154	-	8,929,634
Brazil Real	27,956	4,227,852	2,754,103	7,009,911
Canadian Dollar	3,336	4,789,106	-	4,792,442
Chinese Yuan Renminbi	30,546	-	-	30,546
Czech Koruna	-	342,028	-	342,028
Danish Krone	146,734	14,808,713	-	14,955,447
Euro Currency Unit	647,035	59,864,766	15,230,770	75,742,571
Hong Kong Dollar	155,708	24,725,293	-	24,881,001
Hungarian Forint	-	69,190	-	69,190
Indian Rupee	-	-	616,557	616,557
Israeli Shekel	-	438,272	-	438,272
Japanese Yen	231,731	26,121,053	-	26,352,784
Malaysian Ringgit	13,603	832,235	-	845,838
Mexican Peso	28,837	313,753	1,340,158	1,682,748
New Taiwan Dollar	86,434	12,976,061	-	13,062,495
New Zealand Dollar	10,724	1,354,997	-	1,365,721
Norwegian Krone	8,541	1,410,484	-	1,419,025
Polish Zloty	-	2,147,858	-	2,147,858
Pound Sterling	180,136	21,431,468	16,418	21,628,022
Qatari Riyal	11,493	834,532	-	846,025
Russian Ruble	277	-	-	277
Singapore Dollar	-	46,082	-	46,082
South African Rand	-	423,876	-	423,876
South Korean Won	36,769	11,353,286	70,504	11,460,559
Swedish Krona	79,401	14,560,735	-	14,640,136
Swiss Franc	451,871	26,956,293	-	27,408,164
Thailand Baht	-	4,094,654	-	4,094,654
Turkish Lira	463	108,867	-	109,330
UAE Dirham	9,426	251,046	-	260,472
Total fair value	<u>\$ 2,170,501</u>	<u>243,402,654</u>	<u>20,028,510</u>	<u>265,601,665</u>

8. Derivatives

In order to enhance investment returns and manage risk exposure, the Primary government's pension trust funds (Pension trust funds) regularly invest in derivative financial instruments with off-balance-sheet risk. The Pension trust funds also entered into derivative transactions to gain exposure to currencies and markets where derivatives are the most cost-effective instrument. During fiscal year 2021, the Pension trust funds invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchange-traded futures contracts, forward currency contracts, options, swaps, and floating rate securities. Some traditional on-balance-sheet securities, such as structured notes, can have derivative-like characteristics where the return may be linked to one or more indices. Asset-backed securities, such as collateralized mortgage obligations (CMOs), are sensitive to changes in interest rates and pre-payments. Futures, forwards, options, and swaps generally are not recorded on the financial statements, whereas floating rate securities, structured notes, and asset-backed securities are recorded. The Pension trust funds also have exposure to derivatives indirectly through their ownership interests in certain hedge funds, mutual funds, and commingled funds which may use, hold, or write derivative financial instruments.

Derivative investments may involve credit and market risk in excess of amounts recognized on the financial statements. The Pension trust funds could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. Holders of futures contracts look to the exchange for performance under the contract and not to the other party holding the offsetting futures position; therefore, the amount at risk due to nonperformance of counterparties to futures contracts is minimal. For counterparties involving over the counter derivatives, the Boards of Trustees of the Pension trust funds seek to control such risk through counterparty credit evaluations, counterparty credit limits, and exposure monitoring procedures conducted by investment managers and staff. To address counterparty risk, the Pension trust funds instruct the investment managers who use swaps, forwards, and options to only enter into contracts with counterparties rated at investment grade of BBB or better by at least one nationally recognized rating agency.

The Pension trust funds held four types of derivative financial instruments with notional values carried off-balance-sheet: futures, swaps, currency forwards, and options. Those financial instruments provide the Pension trust funds with the opportunity to build passive benchmark positions, manage portfolio duration in relation to various benchmarks, adjust portfolio yield curve exposure, enhance returns, and gain market exposure to various indices in a more efficient way and at lower transaction costs. Risk is inherent to most investments.

Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange-traded) and typically require an initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled daily with the exchanges in cash and the net gains or losses are included in the Pension trust funds' financial statements. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk posed by nonperformance of counterparties to futures contracts is minimal. The notional value of the Pension trust funds' investment in futures contracts at June 30, 2021, is shown in the table on the following page:

Future Contract Types	Base Exposure	Notional Cost
Primary Government - Pension Trust Funds:		
Cash & Cash Equivalent Futures:		
Long	\$ -	-
Short	(409,441,948)	(419,459,799)
Equity Futures:		
Long	787,297,950	779,456,444
Short	(143,891,045)	(147,674,400)
Fixed Income Futures:		
Long	394,661,017	389,567,765
Short	(7,900,188)	(7,618,362)
Commodity Futures:		
Long	412,692,756	418,463,356
Short	-	-
Total	<u>\$ 1,033,418,542</u>	<u>1,012,735,004</u>

The Pension trust funds enter into several types of swap contracts in which two counterparties agree to exchange one stream of payments for another over some agreed to period of time. Swaps are used to manage risk and enhance returns. All counterparties are rated A or better. The Pension trust funds' swap contracts outstanding at June 30, 2021, is summarized as follows:

Swap Types	Base Exposure	Fair Value
Primary Government - Pension Trust Funds:		
Fixed Income Swaps:		
Cleared Interest Rate Swaps	\$ (17,569,984)	(19,885,880)
Cleared Credit Default Swaps	2,000,165	1,969,081
Cleared Zero Coupon Swaps	(1,406,890)	(1,550,162)
Total	<u>\$ (16,976,709)</u>	<u>(19,466,961)</u>

Option contracts may be exchanged, traded, or negotiated directly in over the counter transactions between two counterparties. Options holders have the right, but not the obligation, to purchase or sell a financial instrument at a future price and date. The Pension trust funds can both purchase and write options. Exchange traded options rely on the exchange for performance and the risk to non-performance of counterparties is minimal. All counterparties for over the counter options are rated A or better. The Pension trust funds option contracts at June 30, 2021, are presented on the following page.

	Cost	Fair Value	Unrealized Gain/(loss)
Primary Government - Pension Trust Funds:			
Equity Options:			
Purchased Call	\$ (353,345)	(495,730)	(142,385)
Fixed Income Options:			
Written Call	-	-	-
Total	\$ (353,345)	(495,730)	(142,385)

Currency forwards represent foreign exchange contracts and are used to effect settlements and to protect the base currency value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies or to gain exposure to the change in fair value of a specific currency. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date and at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over-the-counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the money contracts. All counterparties are rated A or better. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. The net unrealized gain on foreign currency spot and forward contracts at June 30, 2021, was \$64,237, and the Pension trust funds' currency forwards contracts are summarized as follows:

Foreign Currency Contracts Purchased	Notional (Local Currency)	Cost	Fair Value of Foreign Currency Contract Payable in U.S. Dollars	Unrealized Gain(Loss)
Primary Government - Pension Trust Funds:				
Australian Dollar	(17,670,000)	\$ (13,636,681)	\$ (13,268,922)	\$ 367,759
Brazil Real	(730,000)	(139,154)	(145,301)	(6,147)
Columbian Peso	(570,000,000)	(152,610)	(152,452)	158
Euro Currency Unit	(7,155,000)	(8,539,561)	(8,491,030)	48,531
Hong Kong Dollar	(229,587)	(29,562)	(29,564)	(2)
Indonesian Rupiah	(69,000,000,000)	(4,777,563)	(4,732,503)	45,060
Mexican Peso	(16,400,000)	(803,502)	(819,496)	(15,994)
New Zealand Dollar	(3,910,000)	(2,798,003)	(2,732,086)	65,917
Polish Zloty	(920,000)	(250,443)	(241,673)	8,770
Pound Sterling	(343,000)	(477,533)	(473,941)	3,592
Russian Ruble (New)	(11,000,000)	(148,608)	(149,738)	(1,130)
South African Rand	(96,700,000)	(6,699,506)	(6,733,610)	(34,104)
South Korean Won	(8,730,000,000)	(7,690,708)	(7,724,942)	(34,234)
Swiss Franc	(6,400,000)	(7,092,102)	(6,937,190)	154,912
Total Foreign Currency Contracts Purchased			\$ (52,632,448)	603,088

Foreign Currency Contracts Sold	Notional (Local Currency)	Cost	Fair Value of Foreign Currency Contract Payable in U.S. Dollars	Unrealized Gain(Loss)
Primary Government - Pension Trust Funds:				
Brazil Real	11,120,000	\$ 1,980,551	\$ 2,213,349	\$ 232,798
Chilean Peso	9,625,000,000	13,454,304	13,195,293	(259,011)
Colombian Peso	2,820,000,000	778,371	754,237	(24,134)
Euro Currency Unit	15,120,000	18,264,141	17,939,741	(324,400)
Hungarian Forint	1,550,000,000	5,152,093	5,234,469	82,376
New Zealand Dollar	3,910,000	2,797,585	2,732,086	(65,499)
Polish Zloty	47,570,000	12,469,174	12,496,442	27,268
Pound Sterling	5,440,000	7,711,934	7,515,950	(195,984)
Russian Ruble (new)	396,000,000	5,280,833	5,384,684	103,851
South Korean Won	8,730,000,000	7,802,902	7,724,942	(77,960)
Thailand Baht	44,300,000	1,420,226	1,382,070	(38,156)
Total Foreign Currency Contracts Sold			\$ 76,573,263	(538,851)

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

As permitted by the Code, the component unit's pension trust fund (ERFC) invests in derivative instruments on a limited basis in accordance with the Board of Trustees' investment policy. Derivatives provide a means for ERFC to increase earnings and/or hedge against potential losses. The risks associated with derivative instruments, include market risk resulting from fluctuations in interest and currency rates, the credit worthiness of counter parties to any contracts entered into, and the credit worthiness of mortgages related to collateralized mortgage obligations (CMOs). Specific authorization by the Board is required should investment managers seek to purchase securities on margin or leverage. During fiscal year 2021, ERFC had no direct investments in derivatives.

9. Deferred Outflows/Inflows of Resources

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

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

C. PROPERTY TAXES

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

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

Real estate taxes not paid by the due dates are assessed a ten percent late payment penalty on the tax amount. Personal property taxes are initially assessed a ten percent late payment penalty, which increases to twenty-five percent after thirty days of delinquency. Furthermore, interest accrues from the first day following the due date at an annual rate of one percent for real estate taxes and five percent for personal property taxes. The net delinquent taxes receivable, including interest and penalties, as of June 30, 2021, after allowances for uncollectible amounts, is \$28,372,527 of which \$4,055,658 has been included in tax revenue for fiscal year 2021 because it was collected within 45 days after June 30.

As required by GAAP, the County reports real estate and personal property taxes (net of allowances) assessed for calendar year 2021 as receivables (net of payments totaling \$40,267,328 received in advance of the due date) and deferred tax revenue because the County has an enforceable legal claim to these resources at June 30, 2021; however, these resources, which amount to \$3,754,774,602, will not be available to the County until fiscal year 2022.

The 1998 Virginia General Assembly enacted the Personal Property Tax Relief Act to provide property tax relief on the first \$20,000 of value of motor vehicles not used for business purposes. Due to budget constraints, the 2003 Virginia General Assembly froze the tax reduction at 70 percent. The 2005 Virginia General Assembly revised this measure further to limit its tax relief payments to all localities to a total of \$950 million per tax year beginning with 2006 (fiscal year 2007). The County's fixed share of the \$950 million is \$211,313,944, as determined by its share of the total payments made to all localities by the Commonwealth during calendar years 2004 and 2005 for tax year 2004 (fiscal year 2005). The County's fixed share from the Commonwealth is reported as intergovernmental revenue in the General Fund.

D. RECEIVABLES

Receivables and allowances for uncollectible receivables of the primary government, excluding fiduciary funds, at June 30, 2021, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	\$ 13,673,760	14,376,675	1,363,801	4,662	29,418,898
Accrued interest	-	13,423,679	-	-	13,423,679
Property taxes:					
Delinquent	52,511,563	-	-	-	52,511,563
Not yet due	3,512,657,671	-	-	-	3,512,657,671
Business license taxes - delinquent	29,938,585	-	-	-	29,938,585
Loans	-	111,412,644	-	-	111,412,644
Total receivables	3,608,781,579	139,212,998	1,363,801	4,662	3,749,363,040
Allowances for uncollectibles:					
Accounts receivable	(3,040,444)	-	-	-	(3,040,444)
Accrued interest	-	(6,368,379)	-	-	(6,368,379)
Property taxes:					
Delinquent	(24,139,036)	-	-	-	(24,139,036)
Not yet due	(9,464,341)	-	-	-	(9,464,341)
Business license taxes - delinquent	(27,320,326)	-	-	-	(27,320,326)
Loans	-	(49,581,323)	-	-	(49,581,323)
Total allowances for uncollectibles	(63,964,147)	(55,949,702)	-	-	(119,913,849)
Total net receivables	\$ 3,544,817,432	83,263,296	1,363,801	4,662	3,629,449,191

Receivables of the component units, excluding fiduciary funds, at June 30, 2021, consist of the following:

	Public Schools	FCRHA	Park Authority	EDA	Total Component Units
Receivables:					
Accounts	\$ 15,397,845	6,345,696	40,160	-	21,783,701
Accrued interest	12,538	151,743	-	-	164,281
Notes, mortgages, and other	-	28,549,964	-	-	28,549,964
Total receivables	15,410,383	35,047,403	40,160	-	50,497,946
Allowances for uncollectible	-	(1,081,777)	-	-	(1,081,777)
Total net receivables	\$ 15,410,383	33,965,626	40,160	-	49,416,169

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2021, are as follows:

Year of Levy	Real Estate	Personal Property	Total
2019	\$ 10,573,002	15,296,030	25,869,032
2018	2,262,227	5,660,973	7,923,200
2017	827,613	3,829,056	4,656,669
Prior years	1,256,308	5,656,563	6,912,871
Total delinquent taxes	\$ 14,919,150	30,442,622	45,361,772
Penalty and interest			7,149,791
Total delinquent taxes, penalty and interest			52,511,563
Allowances for uncollectibles			(24,139,036)
Net delinquent tax receivables			\$ 28,372,527

Amounts due to the primary government and component units from other governmental units at June 30, 2021, include the following:

	Primary Government					Component Unit	
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total (Exhibit A)	Public Schools	Park Authority
Federal government	\$ 108,957	11,609,427	185,220	-	11,903,604	47,238,298	184,300
State government:							
Property tax relief - not yet due	211,313,944	-	-	-	211,313,944	-	-
Other	51,808,646	49,634,306	2,047,349	-	103,490,301	21,094,994	-
Local governments	688,355	17,734,450	62,741,144	2,352	81,166,301	171,129	1,134
Total intergovernmental units	\$ 263,919,902	78,978,183	64,973,713	2,352	407,874,150	\$ 68,504,421	\$ 185,434
Federal-Build America Bond subsidy					486,917		
Total (Exhibit A)					\$ 408,361,067		

E. INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables are recorded when funds overdraw their share of pooled cash. All amounts are expected to be paid within one year. Interfund balances as of June 30, 2021, are as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
General Fund	\$ 834,601	1,577,996
Nonmajor Governmental Funds	-	834,601
Internal Service Funds	1,577,996	-
Total primary government	\$ 2,412,597	2,412,597
Component Unit		
Public Schools:		
General Fund	\$ 300,000	-
Nonmajor Governmental Funds	-	300,000
Total component units	\$ 300,000	300,000

BASIC FINANCIAL STATEMENTS

Due to/from primary government and component units represent amounts paid by one entity on behalf of the other entity. Due to/from primary government and component units as of June 30, 2021, are as follows:

Receivable Entity	Payable Entity	Amount
Component Units	Primary Government	
Public Schools	General Fund	\$ 235,842
Park Authority	General Fund	2,738,559
Park Authority	Nonmajor Governmental Fund	2,000,914
EDA	General Fund	470,300
Total		\$ 5,445,615
Primary Government	Component Unit	
General Fund	Park Authority	\$ 135,302
General Fund	Public Schools	196,515
Total		\$ 331,817

The primary purpose of interfund transfers is to provide funding for operations, including those of the Fairfax-Falls Church Community Services Board, debt service, and capital projects. Interfund transfers for the year ended June 30, 2021, are as follows:

	Transfers In	Transfers Out
Primary Government		
General Fund	\$ 7,139,163	651,171,626
Nonmajor Governmental Funds	727,606,761	99,068,047
Internal Service Funds	15,493,749	-
Total primary government	\$ 750,239,673	750,239,673
Component Unit		
Public Schools:		
General Fund	\$ -	44,299,257
Capital Projects Fund	13,078,444	-
Nonmajor Governmental Funds	31,220,813	-
Total component units	\$ 44,299,257	44,299,257

F. CAPITAL ASSETS

Capital assets activity for the primary government and component units for the year ended June 30, 2021, is as follows:

	Balances July 1, 2020	Increases	Decreases	Balances June 30, 2021
Primary Government				
Governmental activities:				
Non-depreciable/non-amortizable:				
Land and easements	\$ 460,824,135	2,573,211	-	463,397,346
Construction in progress	317,482,087	146,565,818	(113,006,340)	351,041,565
Equipment under construction	32,326,248	7,114,005	(8,844,691)	30,595,562
Software in development	15,938,112	14,483,525	(9,991,061)	20,430,576
Total non-depreciable/non-amortizable	826,570,582	170,736,559	(131,842,092)	865,465,049
Depreciable/amortizable:				
Vehicles and equipment	517,254,071	30,785,435	(4,301,386)	543,738,120
Software	163,335,355	17,821,190	-	181,156,545
Library collections	115,106,917	3,744,342	(51)	118,851,208
Buildings	1,667,538,552	65,621,896	(5,943,488)	1,727,216,960
Improvements	287,666,885	15,074,672	-	302,741,557
Infrastructure	1,147,273,589	61,893,992	(8,866,103)	1,200,301,478
Total depreciable/amortizable	3,898,175,369	194,941,527	(19,111,028)	4,074,005,868
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(357,268,349)	(36,175,488)	2,315,959	(391,127,878)
Software	(62,675,973)	(12,608,357)	-	(75,284,330)
Library collections	(102,835,728)	(4,026,177)	-	(106,861,905)
Buildings	(655,014,982)	(49,250,012)	3,329,832	(700,935,162)
Improvements	(115,741,020)	(12,013,549)	-	(127,754,569)
Infrastructure	(390,204,976)	(28,943,549)	586,802	(418,561,723)
Total accumulated depreciation/amortization	(1,683,741,028)	(143,017,132)	6,232,593	(1,820,525,567)
Total capital assets, being depreciated/amortized, net	2,214,434,341	51,924,395	(12,878,435)	2,253,480,301
Total capital assets, net - Governmental activities	3,041,004,923	222,660,954	(144,720,527)	3,118,945,350
Business-type activities:				
Non-depreciable/non-amortizable:				
Land and easements	18,016,126	47,638	-	18,063,764
Construction in progress	228,534,517	81,200,014	(24,558,643)	285,175,888
Total non-depreciable/non-amortizable	246,550,643	81,247,652	(24,558,643)	303,239,652
Depreciable/amortizable:				
Vehicles and equipment	15,844,067	1,387,594	(66,694)	17,164,967
Purchased capacity	1,124,322,562	30,647,350	(177,000)	1,154,792,912
Buildings and improvements	91,782,433	68,048	-	91,850,481
Infrastructure	1,419,953,831	41,408,593	-	1,461,362,424
Total depreciable/amortizable	2,651,902,893	73,511,585	(243,694)	2,725,170,784
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(11,128,251)	(1,216,551)	66,694	(12,278,108)
Purchased capacity	(461,537,128)	(30,228,629)	-	(491,765,757)
Buildings and improvements	(54,228,906)	(2,237,874)	(29,274)	(56,496,054)
Infrastructure	(692,576,194)	(31,946,416)	-	(724,522,610)
Total accumulated depreciation/amortization	(1,219,470,479)	(65,629,470)	37,420	(1,285,062,529)
Total capital assets, being depreciated/amortized, net	1,432,432,414	7,882,115	(206,274)	1,440,108,255
Total capital assets, net - Business-type activities	1,678,983,057	89,129,767	(24,764,917)	1,743,347,907
Total capital assets, net - Primary government	\$ 4,719,987,980	311,790,721	(169,485,444)	4,862,293,257

BASIC FINANCIAL STATEMENTS

	Balances			Balances
	June 30, 2020	Increases	Decreases	June 30, 2021
Component Units				
Public Schools				
Non-depreciable/non-amortizable:				
Land	\$ 46,837,095	-	-	46,837,095
Construction in progress	400,162,834	116,161,588	(195,118,539)	321,205,883
Software in development	90,987	686,085	-	777,072
Total non-depreciable/non-amortizable	447,090,916	116,847,673	(195,118,539)	368,820,050
Depreciable/amortizable:				
Vehicles and equipment	358,274,694	60,709,940	(11,876,026)	407,108,608
Software	13,260,834	-	-	13,260,834
Library collections	21,368,173	2,284,301	(3,039,506)	20,612,968
Buildings	1,279,418,007	37,542,482	-	1,316,960,489
Improvements	2,859,205,204	187,182,681	-	3,046,387,885
Total depreciable/amortizable	4,531,526,912	287,719,404	(14,915,532)	4,804,330,784
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(249,097,908)	(37,641,831)	11,562,652	(275,177,087)
Software	(8,347,753)	(725,409)	-	(9,073,162)
Library collections	(15,156,291)	(2,080,170)	3,039,506	(14,196,955)
Buildings	(679,914,604)	(24,322,842)	-	(704,237,446)
Improvements	(1,371,680,537)	(109,610,964)	-	(1,481,291,501)
Total accumulated depreciation/amortization	(2,324,197,093)	(174,381,216)	14,602,158	(2,483,976,151)
Total capital assets, being depreciated/amortized, net	2,207,329,819	113,338,188	(313,374)	2,320,354,633
Total capital assets, net - Public Schools	2,654,420,735	230,185,861	(195,431,913)	2,689,174,683
FCRHA				
Non-depreciable/non-amortizable:				
Land, as restated	46,367,105	-	(1,976,232)	44,390,873
Construction in progress	5,755,293	758,263	(2,636,721)	3,876,835
Total non-depreciable/non-amortizable	52,122,398	758,263	(4,612,953)	48,267,708
Depreciable/amortizable:				
Vehicles and equipment	2,016,815	5,369,367	-	7,386,182
Buildings and improvements	234,411,934	12,290,105	(11,281,655)	235,420,384
Total depreciable/amortizable	236,428,749	17,659,472	(11,281,655)	242,806,566
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(2,074,067)	(28,997)	-	(2,103,064)
Buildings and improvements	(150,011,290)	(5,821,448)	10,039,127	(145,793,611)
Total accumulated depreciation/amortization	(152,085,357)	(5,850,445)	10,039,127	(147,896,675)
Total capital assets, being depreciated/amortized, net	84,343,392	11,809,027	(1,242,528)	94,909,891
Total capital assets, net - FCRHA	136,465,790	12,567,290	(5,855,481)	143,177,599
Park Authority				
Non-depreciable/non-amortizable:				
Land and easements	391,151,561	9,287,641	(977,803)	399,461,399
Construction in progress	16,028,420	19,952,220	(22,769,010)	13,211,630
Total non-depreciable/non-amortizable	407,179,981	29,239,861	(23,746,813)	412,673,029
Depreciable/amortizable:				
Vehicles and equipment	14,167,897	346,848	(451,731)	14,063,014
Buildings and improvements	518,423,130	22,432,676	(112,402)	540,743,404
Total depreciable/amortizable	532,591,027	22,779,524	(564,133)	554,806,418
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(8,530,101)	(470,213)	451,731	(8,548,583)
Buildings and improvements	(267,710,194)	(18,102,247)	93,467	(285,718,974)
Total accumulated depreciation/amortization	(276,240,295)	(18,572,460)	545,198	(294,267,557)
Total capital assets, being depreciated/amortized, net	256,350,732	4,207,064	(18,935)	260,538,861
Total capital assets, net - Park Authority	663,530,713	33,446,925	(23,765,748)	673,211,890
EDA				
Depreciable/amortizable:				
Vehicles and equipment	19,289	-	-	19,289
Buildings and improvements	1,176,811	-	-	1,176,811
Total depreciable/amortizable	1,196,100	-	-	1,196,100
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(17,729)	(1,470)	-	(19,199)
Buildings and improvements	(922,074)	(109,174)	-	(1,031,248)
Total accumulated depreciation/amortization	(939,803)	(110,644)	-	(1,050,447)
Total capital assets, net - EDA	256,297	(110,644)	-	145,653
Total capital assets, net - Component units	\$ 3,454,673,535	276,089,432	(225,053,142)	3,505,709,825

Depreciation and amortization expense for the year ended June 30, 2021, charged to the functions of the primary government and component units is as follows:

	Governmental Activities	Business-type Activities	Component Units
Primary Government			
General government administration	\$ 22,551,791	-	-
Judicial administration	3,734,054	-	-
Public safety	10,414,100	-	-
Public works	60,053,008	65,629,470	-
Health and welfare	3,340,325	-	-
Community development	17,008,007	-	-
Parks, recreation, and cultural	8,180,400	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	17,735,447	-	-
Component Units			
Public Schools	-	-	174,381,216
FCRHA	-	-	5,850,445
Park Authority	-	-	18,572,606
EDA	-	-	110,644
Total depreciation and amortization expense	\$ 143,017,132	65,629,470	198,914,911

G. RETIREMENT PLANS

The reporting entity administers the following four separate public employee retirement systems that provide pension benefits for various classes of employees. In addition, professional employees of Public Schools participate in a plan sponsored and administered by the Virginia Retirement System (VRS).

1. County Administered Plan Descriptions

Fairfax County Employees' Retirement System

The Fairfax County Employees' Retirement System (ERS) is a legally separate single-employer defined benefit pension plan established under the Code of Virginia, which covers only employees of the reporting entity. The plan covers full-time and certain part-time employees of the reporting entity who are not covered by other plans of the reporting entity or the VRS. This is the only plan that provides pension benefits to both the primary government and component units. The balances have been allocated in the financial statements as follows: County, including business type activities, 68.9 percent, FCPS 25.9 percent, EDA 0.4 percent, FCRHA 1.6 percent, and FCPA 3.2 percent of all totals. More information is shown in section 6 of this note.

The ERS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Employees' Retirement System, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, VA 22033, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position. The information presented in this report follows the same accounting basis as the plan. [ERS Report](#)

Fairfax County Police Officers Retirement System

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

The PORS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Police Officers Retirement System, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, VA 22033, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position. The information presented in this report follows the same accounting basis as the plan. [PORS Report](#)

Fairfax County Uniformed Retirement System

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

The URS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Uniformed Retirement System, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, VA 22033, or by calling (703) 279-8200. It may be accessed online for additional information including details of the plan fiduciary net position. The information presented in this report follows the same accounting basis as the plan. [URS Report](#)

The Educational Employees' Supplementary Retirement System

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

The ERFC issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Educational Employees' Supplementary Retirement System, 8001 Forbes Place, Suite 300, Springfield, VA 22151. It may be accessed online for additional information including details of the plan fiduciary net position. The information presented in this report follows the same accounting basis as the plan. [ERFC Report](#)

2. Benefit Provisions and Requirements

Fairfax County Employees' Retirement System

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. Members who were hired before January 1, 2013 had the option to

elect to join Plan A or Plan B, and members who were hired on or after January 1, 2013 may elect to join Plan C or Plan D. Members who were hired on or after July 1, 2019 are automatically enrolled in Plan E. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of service, (b) for Plans A and B, attain the age of 50 with age plus years of service being greater than or equal to 80, or (c) for Plans C, D, and E, 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. For Plans A, B, C, and D, if normal retirement occurs before Social Security benefits are scheduled to begin, an additional monthly benefit is paid to retirees. Plan E eliminates the pre-Social Security Supplement; however, there is a cost-neutral Early Age Option for employees who retire prior to full retirement age under Social Security. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. Those who commenced employment on or after January 1, 2013, may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or entry into the Deferred Retirement Option Program (DROP). The benefit for early retirement is actuarially reduced and payable at early termination.

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

Fairfax County Police Officers Retirement System

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. Based on sworn in date, individuals were enrolled in Plan A, Plan B or Plan C. To be eligible for normal retirement, an individual must meet the following criteria: For Plan A (if sworn in before December 31, 2012) attain the age of 55 or have completed 25 years of creditable service (20 years of creditable service if sworn in prior to July 1, 1981). For Plan B (sworn on or after January 1, 2013) and for Plan C (sworn on or after July 1, 2019) attain the age of 55 or have completed 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. For Plan B and Plan C, individuals may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or DROP entry. For Plan C, individuals are not eligible for the one-time 3 percent calculated retirement annuity increase from the plan. To be eligible for early retirement, the employee must have 20 years of creditable service (does not apply if sworn in before July 1, 1981). The benefit for early retirement is actuarially reduced and payable at early termination.

Effective October 1, 2003, a DROP was established for eligible members of the PORS. Members who are eligible for normal service retirement are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to

work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. The account balance is credited with interest in the amount of 5 percent per annum, compounded monthly. The monthly benefit is calculated using service and final compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

Fairfax County Uniformed Retirement System

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. Employees hired before July 1, 1981 were enrolled in Plan A. Plan A members were given the opportunity to enroll in Plan B as of July 1, 1981 and to enroll in Plan C as of April 1, 1997. From July 1, 1981 through March 31, 1997, all new hires were enrolled in Plan B. Plan B members were given the opportunity to enroll in Plan D as of April 1, 1997. From April 1, 1997 through December 31, 2012, all new hires were enrolled in Plan D. From January 1, 2013 forward, all new hires are enrolled in Plan E. From July 1, 2019 forward, all new hires are enrolled in Plan F. To be eligible for normal retirement an individual must meet the following criteria: (a) attain the age of 55 with six years of creditable service, or (b) complete 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4 percent or the percentage increase in the Consumer Price Index for the Washington Consolidated Metropolitan Statistical Area. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. Those enrolled in Plan E and Plan F may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or DROP entry. For Plan F, individuals are not eligible for the one-time 3 percent calculated retirement annuity increase from the plan. In addition, Plan F eliminates the pre-Social Security Supplement; however, there is a cost-neutral Early Age Option for employees who retire prior to full retirement age under Social Security. To be eligible for early retirement, employees must have 20 years of creditable service. The benefit for early retirement is actuarially reduced and payable at early termination.

Effective October 1, 2003, a DROP was established for eligible members of the URS. Members who are eligible for normal service retirement are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. The account balance is credited with interest in the amount of 5 percent per annum, compounded monthly. The monthly benefit is calculated using service and final compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

The Educational Employees' Supplementary Retirement System

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

ERFC 2001 Tier 1 and Tier 2 have a stand-alone structure. Member contributions for ERFC and ERFC 2001 are made through an arrangement that results in a deferral of taxes on the contributions. Further details of member contributions may be found in Article III of the ERFC and ERFC 2001 Plan Documents.

ERFC and ERFC 2001 provide for a variety of benefit payment types. ERFC's payment types include Service Retirement, Reduced Service, Disability, Death-in-Service, and Deferred Retirement. ERFC 2001's payment types include Service Retirement, Death-in-Service, and Deferred Retirement. ERFC's minimum eligibility requirements for receipt of full benefits range from members attaining the age of 55 with 25 years of service to completing five years of service prior to age 65. The minimum eligibility requirements for full benefits for ERFC 2001 Tier 1 members are age 60 with five years of service or any age with 30 years of service. The minimum eligibility requirements for full benefits for ERFC Tier 2 members are full Social Security age with five years of service or age and service equal 90 (the rule of 90). Annual post-retirement cost-of-living increases are effective each March 31. Participants in their first full year of retirement from ERFC 2001 Tier 1 receive a 1.49 percent increase. Participants who retire on or after January 1 receive no cost-of-living increase that first March. Under ERFC 2001 Tier 2, the first cost-of-living will equal approximately half of the full amount. Thereafter, the full cost-of-living will equal 100 percent of the Consumer Price Index for all Urban Consumers for the Washington, D.C, metropolitan area for the period ending in November of each year, capped at 4 percent. Additional details regarding benefit payment types can be found in the actuarial valuation and the Plan Documents.

3. Funding Policy

Fairfax County Employees' Retirement System

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

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2021, was 28.35 percent of annual covered payroll. The employer contribution made during the measurement period of the liability was \$234,743,643. The 2021 employer contribution totaled \$227,846,281.

Fairfax County Police Officers Retirement System

All contribution requirements for PORS are established and may be amended by County ordinances, including member contribution rates. Member contributions were based on 8.65 percent of compensation at June 30, 2021.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2021 was 41.60 percent of annual covered payroll. The employer contribution made for the measurement period of the liability was \$50,781,403. The 2021 employer contribution totaled \$50,348,130

Fairfax County Uniformed Retirement System

All contribution requirements for URS are established and may be amended by County ordinances, including member contribution rates. Plan A requires member contributions of 4.0 percent of compensation up to the Social Security wage base and 5.75 percent of compensation in excess of the wage base. Plan B requires member contributions of 7.08 percent of compensation up to the Social Security wage base and 8.83 percent of compensation in excess of the wage base. Plan C requires member contributions of 4.0 percent of compensation. Plan D, Plan E, and Plan F require contributions of 7.08 percent of compensation.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2021 was 38.84 percent of annual covered payroll. The employer contribution made for the measurement period of the liability was \$69,930,974. The 2021 employer contribution totaled \$69,464,042.

The Educational Employees' Supplementary Retirement System

All contribution requirements for ERFC plans are established and may be amended by the ERFC Board with the approval of the School Board. The requirements are based upon a fundamental financial objective of having rates of contribution that remain relatively level from generation to generation of employees. To determine the appropriate employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, ERFC has actuarial valuations prepared annually. Members are required to contribute 3 percent of annual salary. The employer is required to contribute at an actuarially determined rate which was 6.44 percent for fiscal year 2021. Employer contributions to the pension plan were \$104,784,310 and \$104,741,255 for the years ended June 30, 2021 and June 30, 2020, respectively.

The actuarial valuations are used to set the employer contribution rate for the two-year period beginning 18 months after the valuation date. As such, the December 31, 2017 valuation recommended that the contribution rate for the two-year period beginning July 1, 2019 to June 30, 2021 be increased from 6.26 percent to 6.44 percent.

4. Actuarial Methods and Assumptions

The reported total pension liability (TPL) was based on participant data collected as of December 31, 2019 and an actuarial valuation as of June 30, 2020, using the entry age actuarial cost method, with a measurement date of June 30, 2020. Significant actuarial assumptions used in the valuation for ERS, PORS, and URS include:

Actuarial Assumptions

Discount rate, net of plan investment expenses	7.25%
Inflation	2.75%
Salary increases, including inflation	2.75%
Investment rate of return, net of plan investment expenses	7.25%
Mortality	Healthy and Disabled Mortality Table RP-2014 projected using the RPEC-2015 model

ERFC assumptions deviate from the chart for salary increases, using a range of 3.25 percent - 9.05 percent. Mortality rates were based on RP-2014 mortality healthy annuitant total data set table with fully generation two-dimensional sex distinct MP-2016 projection scale.

The actuarial assumptions used have been recommended by the actuary and adopted by the Board of Trustees of ERS, PORS and URS based on the most recent review of the experience associated with their respective plans, completed in 2016.

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study performed in 2016. ERFC valuation date June 30, 2020 based on experience study from January 1, 2010 to December 31, 2014.

Target Allocation and Rate of Investment Return

The target asset allocation of the System’s investment portfolio has a significant impact on the investment returns expected to be experienced by the System. The table on the next page shows the target allocation and long term expected real rate of return based on the Board’s current policy along with the capital market assumptions compiled by System’s investment staff.

Long-Term Expected Real Rate of Return/Target Allocation*

Asset Class	ERS*	PORS*	URS*
US Equity	5.6% / 16%	5.6% / 12%	5.6% / 10%
US Small Cap Equity	7.8% / 4%	7.8% / 5%	7.8% / 3%
International Dev.	5.6% / 7%	5.6% / 10%	5.6% / 9%
International EM	10.1% / 3%	10.1% / 3%	10.1% / 5%
Private Equities	14.4% / 2%	14.4% / 2%	14.4% / 3%
Core Bonds	2.1% / 25%	2.1% / 13%	2.1% / 12%
High Yield	4.6% / 10%	4.6% / 17%	4.6% / 5%
Global Bonds	0.9% / 5%	0.9% / -	0.9% / 5%
Emerging Markets Debt	4.8% / 2%	4.8% / -	4.8% / 3%
Real Estate	6.8% / 8%	6.8% / 5%	6.8% / 8%
Absolute Return	11.3% / 20%	11.3% / 15%	11.3% / 18%
Risk Parity	6.5% / 15%	6.5% / 30%	6.5% / 20%
Commodities	5.9% / 5%	5.9% / -	5.9% / 4%
Cash	1.0% / 3%	1.0% / 1%	1.0% / 5%

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

Asset Class	ERFC	
	L/T Expected RRR	Target Allocation
Domestic Large Cap Equity	6.8%	16.5%
Domestic Small Cap Equity	6.9%	6.5%
International Equity	7.4%	14.0%
Emerging International Equity	8.5%	-
Global Real Estate Investment Trusts	7.3%	4.0%
Real Estate (Core)	5.8%	9.0%
Core US Fixed Income	3.0%	24.0%
International Fixed Income	-	3.0%
Emerging Market Debt	5.6%	-
Multi-Asset Class Strategies	6.3%	11.0%
Hedge Funds	7.0%	-
Absolute Return	-	3.0%
Private Credit	8.7%	4.0%
Private Equity	10.2%	5.0%

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

	ERS	PORS
Total pension liability	\$ 5,961,066,083	\$ 1,851,586,671
Pension plan's fiduciary net position	<u>(4,142,063,209)</u>	<u>(1,400,564,931)</u>
Net pension liability	<u>\$ 1,819,002,874</u>	<u>\$ 451,021,740</u>
Plan fiduciary net position as a percentage of the total pension liability	69.5%	75.6%
	URS	ERFC
Total pension liability	\$ 2,294,056,800	\$ 3,543,956,246
Pension plan's fiduciary net position	<u>(1,762,102,370)</u>	<u>(2,593,383,175)</u>
Net pension liability	<u>\$ 531,954,430</u>	<u>\$ 950,573,071</u>
Plan fiduciary net position as a percentage of the total pension liability	76.8%	73.2%

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

	Increases (Decreases) in (000)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances 6/30/2020	<u>\$ 13,187,868</u>	<u>9,920,486</u>	<u>3,267,382</u>
Changes for year:			
Service cost	272,411	-	272,411
Interest	946,549	-	946,549
Differences between expected and actual experience	(30,567)	-	(30,567)
Benefit payments, including refunds of member contributions	(725,595)	(725,595)	-
Contributions - employer	-	460,196	(460,196)
Contributions - member	-	112,803	(112,803)
Net investment income	-	138,399	(138,399)
Administrative expense	-	(8,175)	8,175
Net changes	<u>462,798</u>	<u>(22,372)</u>	<u>485,170</u>
Balances 6/30/2021	<u>\$ 13,650,666</u>	<u>9,898,114</u>	<u>3,752,552</u>

BASIC FINANCIAL STATEMENTS

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

	Dollar amounts in (000)				
	ERS	PORS	URS	ERFC	Total
Total Pension Liability					
Service cost	\$ 103,313	32,944	43,435	92,719	272,411
Interest	415,149	128,461	159,360	243,579	946,549
Differences between expected and actual experience	(5,461)	(5,785)	(6,625)	(12,696)	(30,567)
Benefit payments, including refunds of member contributions	(343,616)	(84,449)	(111,543)	(185,987)	(725,595)
Net change in total pension liability	169,385	71,171	84,627	137,615	462,798
Total pension liability - 6/30/2020	5,791,681	1,780,416	2,209,430	3,406,341	13,187,868
Total pension liability - 6/30/2021	\$ 5,961,066	1,851,587	2,294,057	3,543,956	13,650,666
Plan Fiduciary Net Position					
Contributions - employer	\$ 234,743	50,781	69,931	104,741	460,196
Contributions - member	40,327	10,570	12,810	49,096	112,803
Net investment income	111,442	(59,355)	(22,161)	108,473	138,399
Benefit payments, including refunds of member contributions	(343,616)	(84,449)	(111,543)	(185,987)	(725,595)
Administrative expense	(2,471)	(656)	(667)	(4,381)	(8,175)
Net change in plan fiduciary net position	40,425	(83,109)	(51,630)	71,942	(22,372)
Plan fiduciary net position - 6/30/2020	4,101,638	1,483,674	1,813,733	2,521,441	9,920,486
Plan fiduciary net position - 6/30/2021	\$ 4,142,063	1,400,565	1,762,103	2,593,383	9,898,114
Net pension liability - 6/30/2021	\$ 1,819,003	451,022	531,954	950,573	3,752,552

Changes in the discount rate affect the measurement of the TPL. The discount rate does not affect the measurement of assets; hence the percentage change in the NPL can be very significant for a relatively small change in the discount rate. To illustrate this, the tables reflect the impact of a one percent increase or decrease of the discount rate would have on the NPL for each of the plans:

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

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Total pension liability	\$ 6,668,774,136	\$ 5,961,066,083	\$ 5,367,950,742
Plan fiduciary net position	(4,142,063,209)	(4,142,063,209)	(4,142,063,209)
Net pension liability	\$ 2,526,710,927	\$ 1,819,002,874	\$ 1,225,887,533
Plan fiduciary net position as a percentage of the total pension liability	62.1%	69.5%	77.2%

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

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Total pension liability	\$ 2,107,208,724	\$ 1,851,586,671	\$ 1,642,487,091
Plan fiduciary net position	(1,400,564,931)	(1,400,564,931)	(1,400,564,931)
Net pension liability	\$ 706,643,793	\$ 451,021,740	\$ 241,922,160
Plan fiduciary net position as a percentage of the total pension liability	66.5%	75.6%	85.3%

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 2,593,681,561	\$ 2,294,056,800	\$ 2,046,065,439
Plan fiduciary net position	(1,762,102,370)	(1,762,102,370)	(1,762,102,370)
Net pension liability	<u>\$ 831,579,191</u>	<u>\$ 531,954,430</u>	<u>\$ 283,963,069</u>
Plan fiduciary net position as a percentage of the total pension liability	67.9%	76.8%	86.1%

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 3,978,287,451	\$ 3,543,956,246	\$ 3,101,620,138
Plan fiduciary net position	(2,593,383,175)	(2,593,383,175)	(2,593,383,175)
Net pension liability	<u>\$ 1,384,904,276</u>	<u>\$ 950,573,071</u>	<u>\$ 508,236,963</u>
Plan fiduciary net position as a percentage of the total pension liability	65.2%	73.2%	83.6%

5. Plan Membership

As of the measurement date(s), membership in the reporting entity’s plans consisted of the following:

	Primary Government			Component Unit - Public Schools
	ERS	PORS	URS	ERFC
Retirees and beneficiaries receiving benefits	9,824	1,202	1,462	12,842
Terminated employees entitled to, but not yet receiving, benefits	2,349	70	98	5,415
DROP participants	785	74	128	N/A
Active plan members	14,204	1,353	1,941	22,360
Total number of plan members	<u>27,162</u>	<u>2,699</u>	<u>3,629</u>	<u>40,617</u>

6. Pension Expense, Deferred Outflows and Deferred Inflows of Resources, Net Pension Liability, and Component Allocation

The reported deferred outflows and inflows of resources and recognized pension expense associated with ERS, PORS, URS, and ERFC is presented on the following page:

BASIC FINANCIAL STATEMENTS

	ERS		PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,147,581	21,745,391	\$ 4,537,085	20,577,919
Changes of assumptions	11,428,893	-	2,827,257	-
Net difference between projected and actual earnings on pension plan investments	172,863,321	-	148,533,568	-
Contributions subsequent to the measurement date	227,846,281	-	50,348,130	-
Total	<u>\$ 461,286,076</u>	<u>21,745,391</u>	<u>\$ 206,246,040</u>	<u>20,577,919</u>
Pension Expense Recognized 2021	\$ 311,339,079		\$ 91,683,409	
Net Pension Liability June 30, 2021	<u>\$ 1,819,002,874</u>		<u>\$ 451,021,740</u>	
	URS		ERFC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,166,033	27,435,164	\$ 33,994,254	14,658,210
Changes of assumptions	5,851,259	-	20,364,115	-
Net difference between projected and actual earnings on pension plan investments	135,329,221	-	64,123,964	-
Contributions subsequent to the measurement date	69,464,042	-	104,784,310	-
Total	<u>\$ 214,810,555</u>	<u>27,435,164</u>	<u>\$ 223,266,643</u>	<u>14,658,210</u>
Pension Expense Recognized 2021	\$ 107,319,013		\$ 158,845,068	
Net Pension Liability June 30, 2021	<u>\$ 531,954,430</u>		<u>\$ 950,573,071</u>	

Deferred outflows associated with contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in 2022. The remaining deferred outflows and inflows will impact pension expense in subsequent years as follows:

Year ended June 30:

Measurement Date June 30 of prior year

	ERS	PORS	URS	ERFC
2022	\$ 69,301,786	30,644,556	22,397,948	16,276,316
2023	57,502,796	37,235,949	31,398,281	35,387,724
2024	49,302,536	37,479,130	38,861,353	34,430,540
2025	35,587,286	30,924,461	28,280,346	17,796,480
2026	-	(964,105)	(2,080,096)	1,253,108
Thereafter	-	-	(946,483)	(1,320,045)
Total	<u>\$ 211,694,404</u>	<u>135,319,991</u>	<u>117,911,349</u>	<u>103,824,123</u>

ERS balances have been allocated between the Primary Government and discretely presented component units as follows:

	Dollar amounts in (000)					
	Total	Primary Government	FCPS	EDA	FCRHA	FCPA
Total pension liability	\$ 5,961,066	4,105,398	1,545,824	22,165	95,895	191,784
Pension plan's fiduciary net position	(4,142,063)	(2,852,647)	(1,074,120)	(15,401)	(66,633)	(133,262)
Net pension liability	\$ 1,819,003	1,252,751	471,704	6,764	29,262	58,522
Deferred outflows:						
Contributions after measurement date	\$ 227,846	158,705	57,305	960	3,739	7,137
Investment return	172,863	119,051	44,827	643	2,781	5,561
Changes in proportion	20,797	19,648	-	94	821	234
Experience	49,148	33,848	12,745	183	791	1,581
Changes of assumptions	11,429	7,871	2,964	42	184	368
Total deferred outflows (ERS)	\$ 482,083	339,123	117,841	1,922	8,316	14,881
Deferred inflows:						
Experience	\$ 21,745	14,976	5,639	81	350	699
Changes in proportion	20,797	601	14,991	1,041	1,191	2,973
Total deferred inflows (ERS)	\$ 42,542	15,577	20,630	1,122	1,541	3,672
Pension expense	\$ 311,339	220,947	75,276	902	4,965	9,249

7. Virginia Retirement System (VRS)

Plan Description

FCPS contributes to VRS on behalf of its covered professional employees. VRS is a cost-sharing, multiple-employer retirement system, which administers two defined benefit plans and a hybrid plan that combines the features of a defined benefit plan and a defined contribution plan. These plans are administered by the Commonwealth and provide coverage for Commonwealth employees, public school board employees, employees of participating political subdivisions, and other qualifying employees. All full-time, salaried, permanent employees of VRS-participating employers are automatically covered under VRS. All employees hired after January 1, 2014 are automatically enrolled in the Hybrid Plan. Contributions made by members and participating VRS employers are invested to provide future retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Benefit Provisions and Requirements

Benefit provisions are established and governed by Section 51.1 of the Code. Changes to the Code can be made only by an act of the Virginia General Assembly. All benefits vest at five years of creditable service. Benefits under the Defined Contribution component of the Hybrid Plan are always 100 percent vested. To be eligible for unreduced retirement benefits, an individual must meet the following criteria: (a) attain the age of 65 with five years of service or age 50 with 30 years of service for Plan 1, (b) for Plan 2 and the Defined Benefit component of the Hybrid Plan, attain normal social security retirement age with five years of service or combination of age and service equals 90 or (c) for the Defined Contribution component of the Hybrid Plan, terminate employment.

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

Annual retirement benefits are payable monthly for life in an amount equal to (a) 1.7 percent of eligible members' average final compensation for each year of credited service under Plan 1, (b) 1.65 percent of eligible members' average final compensation for each year of creditable service on or after January 1, 2013 and 1.7 percent on creditable service before January 1, 2013 for Plan 2, or (c) 1.0 percent of eligible members' average final compensation for each year of creditable service for the Defined Benefit component of the Hybrid Plan. The health insurance credit provides retirees who have 15 or more years of creditable service with reimbursement to assist with the cost of health insurance premiums. The credit is a dollar amount set by the General Assembly for each year of service.

Funding Policy

The contribution requirement for active employees is governed by Section 51.1-145 of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.0 percent of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2021 was 16.62 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the Code, as amended, the contributions were funded at 100.00 percent of the actuarial rate for the year ended June 30, 2021. Employer contributions to the pension plan were \$270,303,058 and \$255,030,396 for the years ended June 30, 2021 and June 30, 2020, respectively.

Actuarial Methods and Assumptions

The total pension liability for VRS was based on an actuarial valuation as of June 30, 2019, using the entry age normal actuarial cost method, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2020. The assumptions used were as follows:

Actuarial Assumptions

Inflation	2.50%
Salary increases, including inflation	3.50% to 5.95%
Investment rate of return, net of pension plan investment expense, including inflation ^(a)	6.75%

(a) Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality Rates		
Pre-Retirement	Post-Retirement	Post-Disablement
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are presented as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table-RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

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

At June 30, 2021, FCPS reported a liability of \$2,693,015,856 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2018 rolled forward to the measurement date of June 30, 2019. The FCPS' proportion of the net pension liability was based on FCPS' actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, FCPS's proportion was 18.51 percent, as compared to 18.47 percent at June 30, 2019.

For the year ended June 30, 2021, FCPS recognized pension expense of \$315,958,366. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between actual employer contributions and the proportionate share of employer contributions. At June 30, 2021, FCPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BASIC FINANCIAL STATEMENTS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 157,852,241
Net difference between projected and actual earnings on pension plan investments	204,833,684	-
Change of assumptions	183,832,106	-
Changes in proportion and differences between contributions and proportionate share of contributions	37,288,238	-
Contributions subsequent to the measurement date	270,303,058	-
Total	\$ 696,257,086	\$ 157,852,241

A total of \$270,303,058 reported as deferred outflows of resources related to pensions resulting from FCPS contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown to the right:

Year ended June 30:	
2022	\$ 16,450,861
2023	82,316,302
2024	98,630,012
2025	73,667,850
2026	(2,963,238)
	\$ 268,101,787

The long term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS-Kulti-Asset Public Strategies	6.00	3.04	0.18
PIP-Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
		Inflation	2.50
		Expected arithmetic nominal return ^(a)	7.14 %

^(a) The above allocation provides a one-year return of 7.14 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11 percent, including expected inflation of 2.50 percent.

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding

policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by FCPS for VRS will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, school divisions are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, VRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents FCPS' proportionate share of the net pension liability using the discount rate of 6.75 percent, as well as what FCPS' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75) percent or one percentage point higher (7.75) percent than the current rate:

Sensitivity of Net Pension Liability to Changes in Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
FCPS' proportionate share of the VRS net pension liability	\$ 3,951,259,079	\$ 2,693,015,856	\$ 1,652,289,648

Plan Fiduciary Net Position

Detailed information about the VRS net position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS ACFR may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500. It is also available online through the VRS website. [VRS Report](#)

Reporting Entity Pension Expense

The aggregate amount of pension expense for all plans (ERS, PORS, URS, ERFC, and VRS) for the period associated with net pension liabilities totaled \$985,144,935 for fiscal year 2021.

H. OTHER POSTEMPLOYMENT BENEFITS

1. General Information about the OPEB Plan

The Fairfax County OPEB Plan (the Plan) is a single-employer defined benefit plan administered by Fairfax County. 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 Deferred Compensation Board. The members of the Deferred Compensation Board are the CFO, Director of Finance, Director of Human Resources, Director of Management and Budget, and the Executive Director of the Retirement Agency. The Plan does not issue a stand-alone financial report.

In order to participate in the Plan, an employee must meet retirement criteria for either ERS, PORS, or URS (Note G). 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 percent 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 or the 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. Consequently, all inactive employees are considered to be receiving benefits.

Beginning in fiscal year 2018, required disclosures for the County OPEB liability and OPEB plan’s fiduciary net position will be made simultaneously. Participant data for current fiscal year and prior fiscal year is as follows:

Membership	FY 2020	FY 2021
Medical Members		
Number of active members	13,579	15,490
Average age	44	45
Average service	11	11
<u>Number of inactive members</u>		
Retirees and spouses	5,437	5,667
Average age	67	67
Life Insurance Members		
Number of active members	13,579	15,490
Average age	44	45
Average service	11	11
<u>Number of inactive members</u>		
Retirees and spouses	5,927	6,086
Average age	68	69

Contributions to the Plan are made by appropriation from the Board based on their commitment to fund an actuarially determined amount. The contributions for fiscal years 2020 and 2021 were \$19.7 million and \$18.1 million, respectively. Plan members are not required to contribute.

2. County Reporting of OPEB

Net OPEB Liability for the County

The County’s net OPEB liability was measured as of June 30, 2020. The components of the net OPEB liability for the County are presented on the following page:

	Total	Primary Government	EDA	FCRHA	FCPA
Total OPEB Liability	\$ 348,205,749	326,616,993	940,155	5,815,036	14,833,565
Plan's Fiduciary Net Position	(330,764,357)	(310,256,966)	(893,064)	(5,523,765)	(14,090,562)
Net OPEB Liability	\$ 17,441,392	16,360,027	47,091	291,271	743,003

Assumptions

For the County, the total OPEB Liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2020, using the following actuarial assumptions, found below:

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation.
Retirement age	Varies by age and pension plan.
Mortality	Pub-2010, "General" classification, Employees & Healthy Annuitant mortality table, projected using scale MP-2019, sex-distinct. Disabled mortality table Pub-2010, "General" classification, Disabled Retirement mortality table, projected using scale MP-2019, sex distinct.
Healthcare cost trend rate	7.6% - 10.6%, decreasing to 4.3%

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

Discount rate

The discount rate used to measure the total OPEB liability was 7.00 percent. 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 contributions 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.

Changes in the Net OPEB Liability

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

	Dollar amounts in (000)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances 6/30/2020	\$ 470,033	324,840	145,193
Changes for year:			
Service cost	15,608	-	15,608
Interest	33,195	-	33,195
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(1,518)	-	(1,518)
Changes of assumptions	(145,858)	-	(145,858)
Benefit payments, including refunds of members	(23,254)	(23,254)	-
Contributions - employer	-	19,677	(19,677)
Net investment income	-	9,633	(9,633)
Administrative expense	-	(131)	131
Net changes	(121,827)	5,925	(127,752)
Balances 6/30/2021	\$ 348,206	330,765	17,441

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

	Dollar amounts in (000)				
	Primary Government	EDA	FRCHA	FCPA	Total
Total OPEB Liability					
Service cost	\$ 14,640	42	261	665	15,608
Interest	31,137	90	554	1,414	33,195
Difference between expected and actual experience	(1,095)	(4)	(119)	(300)	(1,518)
Changes in assumptions	(136,815)	(394)	(2,436)	(6,213)	(145,858)
Benefit payments, including refunds of member contributions	(21,812)	(63)	(388)	(991)	(23,254)
Net change in total OPEB liability	(113,945)	(329)	(2,128)	(5,425)	(121,827)
Total OPEB Liability - 6/30/2020	440,562	1,269	7,943	20,259	470,033
Total OPEB Liability - 6/30/2021	\$ 326,617	940	5,815	14,834	348,206
Plan Fiduciary Net Position					
Contributions - employer	\$ 18,456	53	329	839	19,677
Net investment income	9,263	26	96	248	9,633
Benefit payments, including refunds of member contributions	(21,812)	(63)	(388)	(991)	(23,254)
Administrative expense	(123)	-	(2)	(6)	(131)
Net change in plan fiduciary net position	5,784	16	35	90	5,925
Plan Fiduciary Net Position - 6/30/2020	304,473	877	5,489	14,001	324,840
Plan Fiduciary Net Position - 6/30/2021	\$ 310,257	893	5,524	14,091	330,765
Net OPEB Liability - 6/30/2021	\$ 16,360	47	291	743	17,441

Sensitivity Analysis

The following represents the County's net OPEB (asset) liability using the 7 percent discount rate, as well as what the (asset) liability would be if the discount rate were decreased or increased by 1 percent.

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Total OPEB Liability	\$ 402,947,976	348,205,749	304,572,959
Plan Fiduciary Net Position	(330,764,357)	(330,764,357)	(330,764,357)
Net OPEB (Asset) Liability	\$ 72,183,619	17,441,392	(26,191,398)

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Total OPEB Liability			
Primary Government	\$ 377,965,201	326,616,993	285,689,436
EDA	1,087,960	940,155	822,347
FCRHA	6,729,231	5,815,036	5,086,368
FCPA	17,165,584	14,833,565	12,974,808
Total OPEB Liability	\$ 402,947,976	348,205,749	304,572,959

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Plan Fiduciary Net Position			
Primary Government	\$ (310,256,966)	(310,256,966)	(310,256,966)
EDA	(893,064)	(893,064)	(893,064)
FCRHA	(5,523,765)	(5,523,765)	(5,523,765)
FCPA	(14,090,562)	(14,090,562)	(14,090,562)
Total Plan Fiduciary Net Position	\$ (330,764,357)	(330,764,357)	(330,764,357)

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Net OPEB Liability			
Primary Government	\$ 67,708,235	16,360,027	(24,567,530)
EDA	194,896	47,091	(70,717)
FCRHA	1,205,466	291,271	(437,397)
FCPA	3,075,022	743,003	(1,115,754)
Total Net OPEB (Asset) Liability	\$ 72,183,619	17,441,392	(26,191,398)

The following represents the County’s net OPEB (asset) liability calculated using the healthcare trend rates (7.60 percent to 10.60 percent, decreasing to 4.30 percent), as well as the impacts of calculating the rates at one percentage point lower (6.60 percent to 9.60 percent, decreasing to 3.30 percent) or one percentage point higher (8.60 percent to 11.60 percent, decreasing to 5.30 percent):

	1% Decrease (Varied decreasing to 3.3%)	Trend Rate (Varied decreasing to 4.3%)	1% Increase (Varied decreasing to 5.3%)
Total OPEB Liability	\$ 294,389,466	348,205,749	418,549,207
Plan Fiduciary Net Position	(330,764,357)	(330,764,357)	(330,764,357)
Net OPEB (Asset) Liability	<u>\$ (36,374,891)</u>	<u>17,441,392</u>	<u>87,784,850</u>

	1% Decrease (Varied decreasing to 3.3%)	Trend Rate (Varied decreasing to 4.3%)	1% Increase (Varied decreasing to 5.3%)
Total OPEB Liability			
Primary Government	\$ 276,137,319	326,616,993	392,599,156
EDA	794,852	940,155	1,130,083
FCRHA	4,916,304	5,815,036	6,989,772
FCPA	12,540,991	14,833,565	17,830,196
Total OPEB Liability	<u>\$ 294,389,466</u>	<u>348,205,749</u>	<u>418,549,207</u>

	1% Decrease (Varied decreasing to 3.3%)	Trend Rate (Varied decreasing to 4.3%)	1% Increase (Varied decreasing to 5.3%)
Plan Fiduciary Net Position			
Primary Government	\$ (310,256,966)	(310,256,966)	(310,256,966)
EDA	(893,064)	(893,064)	(893,064)
FCRHA	(5,523,765)	(5,523,765)	(5,523,765)
FCPA	(14,090,562)	(14,090,562)	(14,090,562)
Total Plan Fiduciary Net Position	<u>\$ (330,764,357)</u>	<u>(330,764,357)</u>	<u>(330,764,357)</u>

	1% Decrease (Varied decreasing to 3.3%)	Trend Rate (Varied decreasing to 4.3%)	1% Increase (Varied decreasing to 5.3%)
Net OPEB Liability			
Primary Government	\$ (34,119,647)	16,360,027	82,342,190
EDA	(98,212)	47,091	237,019
FCRHA	(607,461)	291,271	1,466,007
FCPA	(1,549,571)	743,003	3,739,634
Total Net OPEB (Asset) Liability	<u>\$ (36,374,891)</u>	<u>17,441,392</u>	<u>87,784,850</u>

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources, and Component Allocation

For the year ended June 30, 2021, the County recognized OPEB expense of \$20,028,043. Deferred outflows and deferred inflows of resources related to OPEB have been allocated between the Primary Government and discretely presented component units as follows:

	Dollar amounts in (000)				
	Total	Primary Government	EDA	FCRHA	FCPA
Total OPEB Liability	\$ 348,206	326,617	940	5,815	14,834
Plan's Fiduciary Net Position	(330,765)	(310,257)	(893)	(5,524)	(14,091)
Net OPEB Liability	\$ 17,441	16,360	47	291	743
Deferred Outflows:					
Experience	\$ 14,921	13,996	40	249	636
Assumptions changes	71,472	67,040	193	1,194	3,045
Investment return	9,771	9,166	26	163	416
Contributions after measurement date	18,072	16,962	47	300	763
Change in proportion	319	55	-	-	264
Total Deferred Outflows	\$ 114,555	107,219	306	1,906	5,124
Deferred Inflows:					
Experience	\$ 7,677	7,201	21	128	327
Assumptions changes	137,596	129,065	371	2,298	5,862
Change in proportion	319	13	182	124	-
Total Deferred Inflows:	\$ 145,592	136,279	574	2,550	6,189
OPEB Expense	\$ 20,028	18,787	54	334	853

Contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022.

The 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	
2022	\$ (6,294,361)
2023	(3,582,032)
2024	(2,281,763)
2025	(2,860,975)
2026	(6,551,511)
Thereafter	(27,537,161)
	<u>\$ (49,107,803)</u>

3. OPEB Plan Reporting

The County has established a trust fund to account for the cost of OPEB. The financial information for the fund is as follows:

COUNTY OF FAIRFAX, VIRGINIA		
Statement of Plan Net Position		
June 30, 2021		
ASSETS		
Equity in pooled cash and temporary investments	\$	2,848,791
Contributions receivable		25,034
Accrued interest and dividends receivable		17,584
Investments, at fair value:		
Investment in pooled funds		421,005,166
Total assets		423,896,575
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows of resources		-
LIABILITIES		
Accounts payable and accrued liabilities		207
Total liabilities		207
DEFERRED INFLOW OF RESOURCES		
Total deferred inflows of resources		-
NET POSITION		
Held in trust for pension/OPEB benefits	\$	423,896,368

COUNTY OF FAIRFAX, VIRGINIA		
Statement of Changes in Plan Net Position		
For the fiscal year ended June 30, 2021		
ADDITIONS		
Contributions:		
Employer	\$	17,974,135
Other		97,913
Total contributions		18,072,048
Investment income:		
From investment activities:		
Net appreciation in fair value of investments		98,714,550
Interest		5,872
Total income from investment activities		98,720,422
Less investment activities expenses:		
Management fees		277,002
Other		500
Total investment activities expenses		277,502
Net income from investment activities		98,442,920
Net investment income		98,442,920
Total additions		116,514,968
DEDUCTIONS		
Benefits		23,252,169
Administrative expenses		130,788
Total deductions		23,382,957
Net increase		93,132,011
Net position, July 1, 2020		330,764,357
Net position, June 30, 2021	\$	423,896,368

Net OPEB Liability for the Plan

The Plan’s net OPEB liability was measured as of June 30, 2021. The components of the net OPEB asset for the Plan are as follows:

Total OPEB liability	\$ 381,809,735
Plan fiduciary net position (market value of assets)	<u>(423,896,368)</u>
Net OPEB asset	<u>\$ (42,086,633)</u>
Plan fiduciary net position as a percentage of the OPEB asset	111.02%

Assumptions

For the Plan, the total OPEB liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2020 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	Pub-2010, "General" classification, Employees & Healthy Annuitant mortality table, projected using scale MP-2020, sex-distinct. Disabled mortality table Pub-2010, "General" classification, Disabled Retirement mortality table, projected using scale MP-2020, sex distinct.
Healthcare cost trend rate	6.9% - 11.6%, decreasing to 4.5%

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period of July 1, 2010, to June 30, 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, 2021 are on the following page:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity (Large Cap)	6.30%	27.92%
Domestic Equity (Small Cap)	6.80%	11.61%
International Equity	7.00%	13.68%
Emerging Markets Equity	7.50%	5.59%
Long / Short Equity	6.40%	5.82%
Core US Fixed Income	2.50%	4.14%
Core Plus US Fixed Income	2.90%	14.47%
Absolute Return Fixed Income	2.00%	3.51%
Real Estate	5.50%	8.94%
Private Equity	8.70%	3.66%
Cash	1.90%	0.66%

There are no concentrations in any one organization that represent 5.00 percent or more of the fiduciary net position in the Plan. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 30.61 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 8 East Canal Street, Suite 100, Richmond, Virginia 23219.

Sensitivity Analysis

The following represents the OPEB plan’s net asset using the 7 percent discount rate, as well as what the (asset) liability would be if the discount rate were decreased or increased by one percent.

Sensitivity of Net OPEB Liability to Changes in Discount Rate			
	1% Decrease 6%	Current Rate 7%	1% Increase 8%
Total OPEB Liability	\$ 444,681,191	381,809,735	331,761,098
Plan Fiduciary Net Position	(423,896,368)	(423,896,368)	(423,896,368)
Net OPEB (Asset) Liability	\$ 20,784,823	(42,086,633)	(92,135,270)

The following represents the OPEB plan’s net asset calculated using the healthcare trend rates (6.90 percent to 11.60 percent, decreasing to 4.50 percent), as well as the impacts of calculating the rates at one percentage point lower (5.90 percent to 10.60 percent, decreasing to 3.50 percent) or one percentage point higher (7.90 percent to 12.60 percent, decreasing to 5.50 percent):

Sensitivity of Net OPEB (Asset) Liability to Changes in Healthcare Cost Trend Rates			
	1% Decrease (Varied decreasing to 3.5%)	Trend Rate (Varied decreasing to 4.5%)	1% Increase (Varied decreasing to 5.5%)
Total OPEB Liability	\$ 318,331,466	381,809,735	463,483,413
Plan Fiduciary Net Position	(423,896,368)	(423,896,368)	(423,896,368)
Net OPEB (Asset) Liability	\$ (105,564,902)	(42,086,633)	39,587,045

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

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 18,072,048	-
Total	\$ 18,072,048	-

Contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or addition to the net OPEB asset, as applicable, in the year ending June 30, 2022.

4. Public Schools OPEB Plan

Plan Description

The Fairfax County Public Schools OPEB Trust Fund is a single-employer defined benefit plan administered by the Fairfax County Public Schools (Public Schools). Public Schools’ plan provides health benefits to eligible retirees and their spouses. The plan benefits correspond with benefits available to active employees. Benefit provisions are established and may be amended by the School Board. Fiduciary oversight is provided by the members of the Local Finance Board for OPEB. The Plan does not issue a stand-alone financial report.

Public School employees participate in the Public School OPEB Plan, the Virginia Retirement System Teacher Health Insurance Credit (HIC) OPEB Plan, and the Virginia Retirement System Group Life Insurance (GLI) OPEB Plan. In order to participate, an employee must meet retirement criteria for either VRS, ERFC, or FCERS. Employees are eligible to continue health insurance coverage after retirement, provided that retiring employees have health coverage in effect for at least 60 months when they stop working. Upon retirement Public Schools no longer contributes to the premium payments and the participant becomes responsible for 100 percent of premiums less any applicable subsidies.

A retiree and/or spouse who is at least 55 of years of age and participates in a Public Schools administered health insurance plan will receive an explicit subsidy ranging from \$15 to \$175 per

month, based on years of service and the retirement plan in which the retiree is covered. In addition, Public Schools provides an implicit subsidy by allowing retirees to participate in the health insurance plans at the group premium rates calculated on the entire universe of active and retired employees. This subsidy occurs because, on an actuarial basis, the current and future claims of the retiree participants are expected to result in higher per person costs to the insurance plans than will be the experience for active employees.

For fiscal year 2021, required disclosures for the Public Schools OPEB liability and OPEB plan’s fiduciary net position are made simultaneously. Participant data for current fiscal year and prior fiscal year is as follows:

Membership	FY 2020	FY 2021
Medical Members		
Number of active members	19,878	20,309
Average age	46	46
Average service	11	11
<u>Number of inactive members</u>		
Retirees and spouses	10,135	10,037
Average age	72	72
Life Insurance Members		
Number of active members	4,457	4,705
Average age	53	52
Average service	11	12
<u>Number of inactive members</u>		
Retirees and spouses	2,844	2,546
Average age	72	71

Contributions

Contributions to the Public School OPEB Trust Fund are determined and may be amended by the School Board. The contributions are set at a minimum to satisfy the current year's projected pay-as-you-go benefits costs. The School Board may provide additional amounts to prefund future costs. Contributions to the Plan were \$15,348,747 and \$28,875,000 for the years ended June 30, 2021 and June 30, 2020, respectively. The costs of administrating the plan are paid for by the Plan through the use of investment income and employer contributions. The Public Schools’ annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2021 are as follows on the next page:

Public Schools OPEB Plan Reporting:

COUNTY OF FAIRFAX, VIRGINIA	
OPEB Trust Fund	
Statement of Plan Net Position	
June 30, 2021	
	Component Unit - Public Schools OPEB Trust Fund
ASSETS	
Receivable, accounts	\$ 37,200
Receivable, securities sold	1,430,616
Investment in pooled funds	<u>206,944,010</u>
Total assets	<u>208,411,826</u>
LIABILITIES	
Accounts payable and accrued liabilities	<u>37,200</u>
Total liabilities	<u>37,200</u>
NET POSITION	
Held in trust for OPEB benefits	<u>\$ 208,374,626</u>

COUNTY OF FAIRFAX, VIRGINIA	
OPEB Trust Fund	
Statement of Changes in Net Position	
For the fiscal year ended June 30, 2021	
	Component Unit - Public Schools OPEB Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 15,348,747
Total contributions	<u>15,348,747</u>
Investment income:	
From investment activities:	
Net increase in fair value of investments	47,506,802
Administrative expense	<u>(101,244)</u>
Total income from investment activities	47,405,558
Total additions	<u>62,754,305</u>
DEDUCTIONS	
Benefits payments /refunds	<u>10,348,747</u>
Total deductions	<u>10,348,747</u>
Change in net position	52,405,558
Net position, July 1, 2020	<u>155,969,068</u>
Net position, June 30, 2021	<u>\$ 208,374,626</u>

Net OPEB Liability

The Public Schools’ net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability for Fairfax County Public Schools is as follows:

Total OPEB liability	\$ 221,203,309
Plan fiduciary net position (market value of assets)	<u>(208,374,626)</u>
Net OPEB liability	<u>\$ 12,828,683</u>
Plan fiduciary net position as a percentage of the OPEB liability	94.20%

Actuarial Assumptions

Significant actuarial assumptions used in the valuation include:

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Salary increases	9.05%, trending down to 3.75%
Investment rate of return	7.00%, prior year rate was 7.00%, net of OPEB plan investment expense, including inflation.
Retirement age	Varies by age and pension plan.
Mortality	
Active participants	Pub-2010, "Teachers" Classification, Employees Mortality Table, projected using scale MP-2019, sex distinct
Current retirees	Pub-2010, "Teachers" Classification, Healthy Annuity Mortality Table, projected using scale MP-2019, sex distinct
Surviving spouses	Pub-2010, "Teachers" Classification, Surviving Beneficiary Mortality Table, projected using scale MP-2019, sex distinct
Disabled retirees	Pub-2010, "Teachers" Classification, Disabled Retirement Mortality Table, projected using scale MP-2019, sex distinct
Healthcare cost trend rate	6.69% - 9.31%, decreasing to 4.50%

Discount rate

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

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments are 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 major asset class. These ranges are combined to produce the long-term 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 OPEB plan's target asset allocation as of June 30, 2021, are summarized in the following table:

Component Unit - Public Schools		
Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity (Large Cap)	6.3%	27.9%
Domestic Equity (Small Cap)	6.8%	11.6%
International Equity	7.0%	13.7%
Emerging Markets Equity	7.5%	5.6%
Long / Short Equity	6.4%	5.8%
Core US Fixed Income	2.5%	4.1%
Core Plus US Fixed Income	2.9%	14.5%
Absolute Return Fixed Income	2.0%	3.5%
Real Estate	5.5%	8.9%
Private Equity	8.7%	3.7%
Cash	1.9%	0.7%

There are no concentrations in any one organization that represent 5.0 percent or more of the fiduciary net position in the plan. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 30.09 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing actual invested. 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 Public Schools 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, 8 East Canal Street, Suite 100, Richmond, Virginia 23219.

Sensitivity Analysis

The following represents Public Schools Net OPEB liability calculated using the 7.0 percent discount rate, as well as what the liability would be if the discount rate were calculated using a discount rate is one percentage lower (6.0 percent) or one percentage higher (8.0 percent) than the current rate:

	1% Decrease	Current Rate	1% Increase
	6%	7%	8%
Total OPEB liability	\$ 244,668,612	221,203,309	201,132,962
Plan fiduciary net position	(208,374,626)	(208,374,626)	(208,374,626)
Net OPEB liability	\$ 36,293,986	12,828,683	(7,241,664)

The following represents Public Schools Net OPEB liability calculated using the healthcare trend rates (6.69 percent to 9.31 percent, decreasing to 4.50 percent), as well as what the liability would be if it were calculated using healthcare trend rates at one percentage point lower (5.69 percent to 8.31 percent, decreasing to 3.50 percent) or one percentage point higher (7.69 percent to 10.31 percent, decreasing to 5.50 percent) than the current healthcare trend rates:

	1% Decrease (Varied decreasing to 3.5%)	Trend Rate (Varied decreasing to 4.5%)	1% Increase (Varied decreasing to 5.5%)
Total OPEB liability	\$ 212,695,959	221,203,309	231,341,819
Plan fiduciary net position	(208,374,626)	(208,374,626)	(208,374,626)
Net OPEB liability	<u>\$ 4,321,333</u>	<u>12,828,683</u>	<u>22,967,193</u>

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

For the year ended June 30, 2021, the Public Schools recognized OPEB expense of \$(16,033,255). At June 30, 2021, the Public Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 55,844,075	19,631,759
Change of assumptions	-	83,042,891
Net difference between expected and actual earnings on OPEB plan investment	-	24,831,484
Total	<u>\$ 55,844,075</u>	<u>127,506,134</u>

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to the Public Schools’ OPEB plan will be recognized in the OPEB plan expense as follows:

Year Ended June 30	Public Schools OPEB
2022	\$ (24,247,377)
2023	(23,751,102)
2024	(21,815,855)
2025	(4,900,886)
2026	4,640,041
Thereafter	(1,586,880)
	<u>\$ (71,662,059)</u>

Changes in the Net OPEB Liability

	(Dollar amounts in thousands)		
	Total OPEB Liability <small>(a)</small>	Plan Fiduciary Net Position <small>(b)</small>	Net OPEB Liability <small>(a-b)</small>
Balances recognized at 6/30/2020	\$ 220,082	155,969	64,113
Changes for the year:			
Service cost	3,878	-	3,878
Interest cost	15,321	-	15,321
Differences between expected and actual experiences	(6,731)	-	(6,731)
Changes of assumptions	(999)	-	(999)
Benefit payments	(10,349)	(10,349)	-
Contributions - employer	-	15,349	(15,349)
Net investment income	-	47,507	(47,507)
Administrative expense	-	(101)	101
Net changes	1,121	52,406	(51,285)
Balances recognized at 6/30/2021	\$ 221,203	208,375	12,828

Investments

The Public Schools invests the School OPEB Trust Fund's assets with the Virginia Pooled OPEB Trust Fund (Pooled Trust) sponsored by the Virginia Association of Counties and the Virginia Municipal League (VACo/VML). The Pooled Trust is an investment pooling vehicle created to allow participating local governments, school divisions, and authorities in the State to accumulate and invest assets to fund other postemployment benefits. Funds of participating jurisdictions are pooled and invested in the name of the Pooled Trust. The Public Schools' respective shares in the Pooled Trust are reported in the School OPEB Trust Fund's financial statements. Investment decisions are made by the Board of Trustees (Trustees) of the Pooled Trust. The Trustees adopted an investment policy to establish investment objectives, risk tolerance levels, and asset allocation parameters. The investment objective is to maximize the total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Pooled Trust is segregated and managed as two distinct portfolios that are referred to as Portfolio I and Portfolio II. Portfolio I is structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5 percent. Portfolio II is structured to achieve an expected rate of return of 6.5 percent. The investment performance of each Portfolio is reviewed quarterly and compared on a rolling three year basis and over other relevant time periods to the following: (a) a composite benchmark comprised of each asset classes' market index benchmarks, weighted by each Portfolio's long-term policy allocations, and (b) a peer group of other similar size fund sponsors.

The Pooled Trust's assets are separately managed by professional investment managers or invested in professionally managed investment vehicles. Each Portfolio is invested in a broadly diversified manner by asset class, style and capitalization, which control volatility levels.

The asset allocation policies for the Portfolios are outlined in the table below:

	Portfolio I		Portfolio II	
	Target Percentages of Total Assets	Allocation Range	Target Percentages of Total Assets	Allocation Range
Total Equity	59%	49% - 69%	32%	22% - 42%
Total Fixed Income	21%	16% - 26%	58%	48% - 68%
Total Real Assets	10%	5% - 15%	5%	-% - 10%
Diversified Hedge Funds	10%	5% - 15%	5%	-% - 10%

The Pooled Trust and each Portfolio is monitored on a continual basis for consistency in investment philosophy, return relative to objectives, and investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. Each Portfolio is reviewed by the Trustees on a regular basis, but results are evaluated over longer time periods. The Trustees regularly review each manager in order to confirm that the factors underlying the performance expectations remain in place.

The Trustees meet a minimum of four times a year to review quarterly performance and asset allocation. The investment policy is reviewed and updated at least annually.

On June 30, 2021, the School OPEB Trust Fund had the following investments in the Pooled Trust:

Investments by Fair Value Level	6/30/2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Mutual funds	\$ 127,578,415	-	-	127,578,415
Stocks	79,365,595	-	-	79,365,595
Total investment by fair value hierarchy level	\$ 206,944,010	-	-	206,944,010

The Pooled Trust uses the following methods when valuing investments.

Common Stocks, Mutual Funds, Exchange Traded Funds are publicly traded investments, and are valued daily at the closing price reported on the active market on which the individual securities are traded. The Pooled Trust invests in commingled accounts for which quoted prices are not available in active markets for identical instruments. The Pooled Trust utilizes the NAV per share, as determined by the respective investment manager, as the estimated fair value. Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics.

Limited Partnership - Fund of Hedge Funds - This fund invests in a number of underlying hedge funds which pursue various strategies. The strategies pursued by the underlying hedge funds include: credit, equity, macro, multi-strategy, and relative value. The Pooled Trust's interest in the fund is

valued at the NAV of units of the collective partnership. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the Pooled Trust could not redeem its investment at the NAV per unit reported by the fund. Participant purchases may occur monthly. Redemptions are available quarterly upon 70 days' notice.

Limited Partnership - Private Equity Fund - This fund invests in the equity of a variety of privately held companies. The Pooled Trust's interest in the fund is valued at the Pooled Trust's ownership interest in the collective limited partners' capital. The Pooled Trust's ownership interest in limited partners' capital is used as a practical expedient to estimate fair value. This investment can never be redeemed with the fund. Instead, the nature of investments of this type is that distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund will be liquidated over a period of six to twelve years. It is probable that the Pooled Trust's investment in this fund will be sold at an amount different from Pooled Trust's ownership interest in limited partners' capital as of June 30, 2021. The effective date of this fund is December 1, 2015, and it made its inaugural investment in the same month. Barring unusual circumstances, the fund values recent investments in nonmarketable securities at acquisition cost. The primary valuation methodology used to determine the fair value of the fund's investments at June 30, 2021, was recent arms-length financing rounds in which the partnership or other partnerships managed by the general partner had participated. As of June 30, 2021, all underlying investments of the fund were valued at cost.

Partnership - Real Estate Funds - One fund invests primarily in commercial, industrial, and multi-family residential properties. The other invests in multi-family residential, hotels, industrial, and office properties. Both funds are valued at the NAV of units of the collective partnership. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the Pooled Trust could not redeem its investment at the NAV per unit reported by the fund. The real estate partnerships provide quarterly valuations to the Pooled Trust. For one fund, individual properties are valued internally by the investment manager quarterly. Internal valuations are completed using valuation techniques such as income capitalization, sales comparison, and cost approaches. Independent external appraisals are generally completed annually for the first fund, quarterly for the other. Redemptions are available quarterly upon 45 days' and 60 days' notice respectively.

The Pooled Trust does not have investments (other than U.S. government, agency, and guaranteed obligations) in any one organization that represent 5 percent or more at market value of net position held in trust for OPEB benefits. The Pooled Trust does not have investments assigned to any single investment manager that represent 25 percent or more at market value of net position, or more than 20 percent of the fund at market value invested in one industry.

More extensive information about the Pooled Trust, including the classification of individual investments and related risks, can be obtained by writing to VACo/VML Finance, 8 East Canal Street, Suite 100, Richmond, Virginia 23219.

5. VRS Health Insurance Credit (HIC) OPEB

Plan Description

The HIC OPEB plan is a cost-sharing, multiple-employer plan administered by VRS. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the HIC OPEB plan. The plan provides health insurance credit to eligible retirees. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an

amount set by the Virginia General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

In order to participate, retirees must have at least 15 years of service credit. The HIC OPEB plan provides the following benefits for eligible employees:

- At Retirement - For teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement - For teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the month benefit is either (a) \$4.00 per month, multiplied by twice the amount of service credit, or (b) \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Contributions

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required contribution rate for the year ended June 30, 2021, was 1.21 percent of covered employee compensation for employees in the HIC OPEB plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the HIC OPEB plan were \$19,679,363 and \$19,517,590 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the Public Schools reported a liability of \$242,022,384 for its proportionate share of the net HIC OPEB liability. The net HIC OPEB liability was measured as of June 30, 2020, and the total HIC OPEB liability used to calculate the net HIC OPEB liability was determined by an actuarial valuation as of that date. The Public Schools' proportion of the net HIC OPEB liability was based on actuarially determined employer contributions to the HIC OPEB plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, Public Schools' proportion was 18.55 percent, as compared to 18.47 percent at June 30, 2019.

For the year ended June 30, 2021, Public Schools recognized HIC OPEB expense of \$20,992,885. Since there was a change in proportionate share between measurement dates, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, Public Schools reported deferred outflows of resources and deferred inflows of resources related to HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportionate share of contributions	\$ 5,081,496	-
Change of assumptions	4,784,444	1,322,342
Difference between expected and actual experience	-	3,232,106
Net difference between expected and actual earnings on OPEB plan investment	1,072,548	-
Contributions subsequent to the measurement date	19,679,363	-
Total	\$ 30,617,851	4,554,448

A total of \$19,679,363 reported as deferred outflows of resources related to HIC OPEB resulting from Public Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net HIC OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIC OPEB will be recognized in HIC OPEB expense as follows:

Year Ended June 30	VRC HIC OPEB
2022	\$ 1,172,817
2023	1,279,128
2024	1,243,506
2025	1,228,829
2026	1,050,346
Thereafter	409,414
	\$ 6,384,040

Actuarial Assumptions

The total HIC OPEB liability for VRS was based on an actuarial valuation as of June 30, 2019, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% to 5.95%
Investment rate of return, net of plan investment expense, including inflation ^(a)	6.75%

^(a) Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

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The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012, through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table-PR-2014 projected to 2020
Retirement rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	Adjusted rates to better match experience
Salary scale	No change
Discount rate	Decrease rate from 7.00% to 6.75%

Long-term Expected Rate of Return

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
Multi-Asset Public Strategies	6.00	3.04	0.18
Private Investment	3.00	6.49	0.19
Total	<u>100.00 %</u>		<u>4.64 %</u>
		Inflation	<u>2.50</u>
		Expected arithmetic nominal return ^(a)	<u>7.14 %</u>

^(a) The above allocation provides a one-year return of 7.14 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for VRS, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11 percent, including expected inflation of 2.50 percent. On October 10, 2019, the VRS Board elected a long-term rate of 6.75 percent which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the fiscal year 2020 actuarial valuations, provide a median return of 6.81 percent.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in

accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by Public Schools for the VRS HIC plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, school divisions are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, VRS plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Sensitivity of Public Schools’ Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents Public Schools’ proportionate share of the net HIC OPEB liability using the discount rate of 6.75 percent, as well as what Public Schools’ proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage lower (5.75 percent) or one percentage higher (7.75 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Public Schools' proportionate share of the VRS net HIC OPEB liability	\$ 270,918,823	\$ 242,022,384	\$ 217,462,495

OPEB Plan Fiduciary Net Position

Detailed information about the HIC OPEB plan's fiduciary net position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS ACFR may be obtained from the VRS website at [VRS 2020 ACFR](#), or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

6. VRS General Life Insurance (GLI) OPEB

Plan Description

The GLI OPEB plan is a cost-sharing, multiple-employer plan administered by VRS. All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the GLI OPEB plan upon employment. In addition to Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI plan. For members who elect the optional group life insurance coverage, the insurer bills Public Schools directly for the premiums. Public Schools deducts these premiums from members' paychecks and pays the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB plan. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

The benefits payable under the GLI OPEB plan have the following components:

- Natural Death Benefit - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit - The accidental death benefit is double the natural death benefit.

- Other Benefit Provisions - In addition to the basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances. These benefits include accidental dismemberment, safety belt, repatriation, felonious assault and accelerated death options.

The benefit amounts provided to members covered under the GLI OPEB plan are subject to a reduction factor. The benefit amount reduces by 25.0 percent on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25.0 percent on each subsequent January 1 until it reaches 25.0 percent of its original value. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI OPEB plan. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,616 effective June 30, 2021.

Contributions

The contribution requirement for active employees is governed by Sections 51.1-506 and 51.1-508 of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The total rate for the GLI OPEB plan was 1.34 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80 percent (1.34 x 60 percent) and the employer component was 0.54 percent (1.34 x 40 percent). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021, was 0.54 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the GLI OPEB plan were \$8,855,883 and \$8,503,928 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, Public Schools reported a liability of \$132,610,252 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. The Public Schools' proportion of the net GLI OPEB liability was based on actuarially determined employer contributions to the GLI OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, Public Schools' proportion was 7.95 percent as compared to 7.96 percent at June 30, 2019.

For the year ended June 30, 2021, Public Schools recognized GLI OPEB expense of \$5,949,805. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, Public Schools reported deferred outflows of resources and deferred inflows of resources related to GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportionate share	\$ 2,887,135	370,725
Difference between expected and actual experience	8,505,722	1,191,073
Change of assumptions	6,632,045	2,768,969
Net difference between expected and actual earnings on OPEB plan investment	3,983,484	-
Contributions subsequent to the measurement date	8,855,883	-
Total	\$ 30,864,269	4,330,767

A total of \$8,855,883 reported as deferred outflows of resources related to GLI OPEB resulting from Public Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to GLI OPEB will be recognized in GLI OPEB expense as follows:

Year Ended June 30	VRC GLI OPEB
2022	\$ 2,890,204
2023	4,015,168
2024	4,819,829
2025	4,713,227
2025	1,172,924
Thereafter	66,267
	\$ 17,677,619

Actuarial Assumptions

The total GLI OPEB liability for VRS was based on an actuarial valuation as of June 30, 2019, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% to 5.95%
Investment rate of return, net of plan investment expense, including inflation ^(a)	6.75%

^(a) Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table-PR-2014 projected to 2020
Retirement rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	Adjusted rates to better match experience
Salary scale	No change
Discount rate	Decrease rate from 7.00% to 6.75%

Long-term Expected Rate of Return

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
Multi-Asset Public Strategies	6.00	3.04	0.18
Private Investment	3.00	6.49	0.19
Total	100.00 %		4.64 %
		Inflation	2.50
		Expected arithmetic nominal return ^(a)	7.14 %

(a) The above allocation provides a one-year return of 7.14 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for VRS, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11 percent, including expected inflation of 2.50 percent. On October 10, 2019, the VRS Board elected a long-term rate of 6.75 percent which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the fiscal year 2020 actuarial valuations, provide a median return of 6.81 percent.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by Public Schools for the GLI OPEB plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, school divisions are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, VRS plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of Public Schools' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents Public Schools' proportionate share of the net GLI OPEB liability using the discount rate of 6.75 percent, as well as what Public Schools' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage lower (5.75 percent) or one percentage higher (7.75 percent) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Public Schools' proportionate share of the VRS net GLI OPEB liability	\$ 174,326,329	\$ 132,610,252	\$ 98,732,850

OPEB Plan Fiduciary Net Position

Detailed information about the GLI OPEB plan's fiduciary net position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS ACFR may be obtained from the VRS website at [VRS 2020 ACFR](#), or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

I. RISK MANAGEMENT

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

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

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any specific, incremental claim adjustment expenses and estimated recoveries. The liabilities do not include nonincremental claim adjustment expenses.

The claims liabilities in the self-insurance funds are discounted at 1.63 and 1.10 percent at June 30, 2021 and 2020, respectively, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2021 and 2020 are presented as follows:

	Internal Service Funds			
	Primary Government		Component Unit - Public Schools	
	Self-Insurance	Health Benefits	Insurance	Health Benefits Trust
Liability balances, June 30, 2019	\$ 61,598,000	12,311,000	44,716,750	19,849,000
Claims incurred				
Claims and changes in estimates	29,601,957	167,296,508	15,245,073	402,299,161
Claims payments	(22,845,957)	(168,202,508)	(13,548,639)	(405,873,161)
Liability balances, June 30, 2020	68,354,000	11,405,000	46,413,184	16,275,000
Claims incurred				
Claims and changes in estimates	18,837,500	173,392,947	(36,519,681)	408,926,286
Claims payments	(17,195,500)	(172,006,947)	(9,803,654)	(424,984,417)
Liability balances, June 30, 2021	\$ 69,996,000	12,791,000	89,849	216,869

In addition to the self-insurance program, commercial property insurance is carried for buildings and contents plus certain large and costly items, such as fire apparatus and helicopters. Excess liability and workers' compensation insurance policies are maintained for exposures above a \$2,000,000 self-insured retention (SIR) for liability and \$3,000,000 for workers' compensation. In the past five fiscal years, there was one 2016 liability claim settled which exceeded the liability SIR.

J. LONG-TERM OBLIGATIONS

resented on the following page is a summary of changes in the government-wide long-term obligations of the primary government and component units for the year ended June 30, 2021 (in thousands):

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 2,259,045	548,250	(451,390)	2,355,905	213,570
Premium on bonds payable	244,003	36,549	(62,740)	217,812	35,528
Revenue bonds payable:					
Principal amount of bonds payable	700,005	55,650	(108,440)	647,215	37,430
Premium on bonds payable	77,323	5,682	(9,633)	73,372	8,727
Discount on bonds payable	(166)	-	166	-	-
Notes payable	439,073	11,955	(645)	450,383	645
Compensated absences payable	150,860	78,066	(67,371)	161,555	74,226
Landfill closure and postclosure obligations	48,833	586	-	49,419	36
Obligations under capital leases and installment purchases	7,526	1,274	(5,807)	2,993	1,192
Insurance and benefit claims payable	79,759	192,231	(189,203)	82,787	26,291
Net pension liability	1,801,228	811,107	(417,618)	2,194,717	-
Net OPEB liability	132,635	44,720	(161,415)	15,940	-
Other:					
HUD Section 108 loans	4,013	-	(459)	3,554	459
Library Exchange	13,281	-	(862)	12,419	865
Total governmental activities	5,957,418	1,786,070	(1,475,417)	6,268,071	398,969
Business-type activities:					
Sewer revenue bonds payable:					
Principal amount of bonds payable	564,330	327,429	(149,547)	742,212	32,113
Premium on bonds payable	46,211	53,907	(6,985)	93,133	4,021
Net pension liability	36,801	13,045	(8,837)	41,009	-
Net OPEB liability	3,456	1,283	(4,319)	420	-
Compensated absences payable	2,751	1,864	(1,425)	3,190	1,558
Total business-type activities	653,549	397,528	(171,113)	879,964	37,692
Total long-term liabilities - Primary Government	\$ 6,610,967	2,183,598	(1,646,530)	7,148,035	436,661
Component Units					
Public Schools					
Compensated absences payable	\$ 37,754	27,723	(26,428)	39,049	27,334
Obligations under capital leases and installment purchases	83,881	52,847	(26,936)	109,792	28,306
Insurance and benefit claims payable	62,688	10,479	(1,050)	72,117	30,833
Net pension liability	3,769,694	766,244	(420,645)	4,115,293	-
Net OPEB liability	435,475	767,020	(815,034)	387,461	-
Unearned rent	4,222	3,278	(3,345)	4,155	-
Total Public Schools	4,393,714	1,627,591	(1,293,438)	4,727,867	86,473
FCRHA					
Mortgage revenue bonds payable	40,765	-	(21,079)	19,686	715
Mortgage notes payable*	81,459	7,550	(521)	88,488	26,610
Net pension liability	26,589	8,979	(6,306)	29,262	-
Net OPEB liability	2,454	817	(2,980)	291	-
Compensated absences payable	1,332	218	(626)	924	477
Total FCRHA	152,599	17,564	(31,512)	138,651	27,802
Park Authority					
Revenue bonds payable:					
Principal amount of bonds payable	775	-	(775)	-	-
Premium on bonds payable	12	14	(26)	-	-
Net pension liability	57,132	16,759	(15,369)	58,522	-
Net OPEB liability	6,258	2,084	(7,599)	743	-
Loan from Primary Government	10,185	-	(586)	9,599	645
Compensated absences payable	5,629	2,095	(1,949)	5,775	2,308
Total Park Authority	79,991	20,952	(26,304)	74,639	2,953
EDA					
Compensated absences payable	462	267	(176)	553	217
Unearned rent	456	-	(180)	276	201
Net pension liability	6,653	1,937	(1,826)	6,764	-
Net OPEB liability	392	132	(477)	47	-
Total EDA	7,963	2,336	(2,659)	7,640	418
Total long-term liabilities - Component units	\$ 4,634,267	1,668,443	(1,353,913)	4,948,797	117,646

*Beginning balance updated for restatement due to reporting entity. See Note N for more information.

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

1. General Obligation Bonds

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

At June 30, 2021, the amount of general obligation bonds authorized and unissued is summarized to the right.

Bond Purpose	Amount (in Thousands)
The Commonwealth does not impose a legal limit on the amount of general obligation indebtedness that the County can incur or have outstanding. The Board, however, has self-imposed bond limits to provide that the County’s net debt may not exceed three percent of the total market value of taxable real and personal property in the County. In addition, the annual debt service may not exceed ten percent of the annual General Fund disbursements. As a financial guideline, the Board also follows a self-imposed limitation in total general obligation bond sales of \$1.5 billion over a five-year period or an average of \$300 million annually, with a maximum of \$325 million in any given year. All self-imposed bond limits have been complied with at June 30, 2021.	
School improvements	\$ 511,850
Transportation improvements	198,240
Parks and park facilities	170,570
Human Services	152,600
Public safety facilities	327,510
Public library facilities	98,000
Total authorized but unissued bonds	\$ 1,458,770

The General Obligation Bonds do not specifically provide any remedies that would be available to a bondholder if the County defaults in the payment of principal of or interest on the Bonds, nor do they contain a provision for the appointment of a trustee to protect and enforce the interests of the bondholders upon the occurrence of such default. If a bondholder does not receive payment of principal or interest when due, the holder could seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the Board of Supervisors to levy and collect an ad valorem tax, unlimited as to rate or amount, upon all property in the County subject to local taxation sufficient to pay the principal of and the interest on the Bonds as the same shall become due. The mandamus remedy, however, may be impracticable and difficult to enforce. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other State or federal laws.

In February 2021, the County issued \$254,190,000 of Series 2021A General Obligation Public Improvement Bonds with an average interest rate of 2.73 percent. The bonds were issued to finance projects related to school improvements, public safety, park facilities, and other purposes.

In September 2020, the County issued \$294,060,000 of Series 2020B General Obligation Public Improvement Refunding Bonds with an average interest rate of 1.43 percent. The Refunding Bonds were issued to advance refund \$105,720,000 of outstanding Series 2014A bonds, \$68,190,000 of outstanding Series 2015A bonds, and \$73,060,000 of outstanding Series 2016A bonds. Proceeds of \$293,126,253 were used to purchase U.S. Government securities which were deposited in an irrevocable escrow account to provide for the resources to redeem the Series 2014A on October 1, 2023, Series 2015A on October 1, 2024, and Series 2016A on April 1, 2026. The County refunded these bonds to reduce its total debt service payments over sixteen years by approximately \$32,436,896 and to obtain an economic gain of approximately \$29,672,183.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2021, is contained in Section 5 of this note.

2. Revenue Bonds

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

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

In March 2010, the EDA issued \$43,390,000 of lease revenue bonds to current refund the FCRHA \$3,365,000 of outstanding Series 1996 lease revenue bonds, \$2,960,000 of outstanding Series 1998 lease revenue bonds, \$835,000 of outstanding Series 1999 lease revenue bonds, and to advance refund the FCRHA \$7,245,000 of outstanding Series 2004 lease revenue bonds, and the County's \$25,580,000 of outstanding Series 2000 certificate of participation bonds. In April 2019, the EDA issued \$18,125,000 of lease revenue bonds to current refund certain outstanding maturities of the Series 2010 lease revenue bonds. Also, in April 2019, the remaining outstanding maturities of the Series 2010 lease revenue bonds were fully redeemed.

In May 2011, the EDA issued \$205,705,000 of transportation district improvement revenue bonds (Silver Line Phase 1 Project) Series 2011 and in September 2012, the EDA issued \$42,390,000 of transportation district improvement revenue bonds (Silver Line Phase 1 Project) Series 2012 to finance a portion of the costs of the construction of the first phase of an extension of the Washington Metropolitan Area Transit Authority's (WMATA) mass transit system in the County. In March 2016, the EDA issued \$173,960,000 to refund a portion of the bonds issued in 2011 and 2012. In December 2019, Fairfax County set aside funds for \$19,546,337 into a depository account with the Trustee for purposely partially defeasing certain Series 2016 obligations associated with the transportation district improvement revenue bonds (Silver Line Phase 1 Project) with a principal amount of \$17,495,000. These funds were placed in escrow on April 1, 2020 until the call date of the bonds. In May 2021, Fairfax County partially defeased certain Series 2016 obligations associated with the transportation district improvement revenue bonds (Silver Line Phase 1 Project) with a principal amount of \$11,190,000. In April 2020, the 2011 and 2012 Bonds were fully redeemed.

In July 2011, the EDA issued \$99,430,000 of revenue bonds Series 2011 to finance a portion of the costs of the construction of a public parking facility on public lands within Fairfax County, Virginia, to serve the Wiehle Avenue Metrorail Station. In September 2019, the Authority sold \$62,285,000

revenue refunding bonds (Forward Delivery Bonds) for the purpose of refunding certain maturities of the Authority's Revenue Bonds (Wiehle Avenue Metrorail Station Parking Project) Series 2011. The Series 2020 bonds were issued and delivered on May 5, 2020. In August 2020, the remaining outstanding maturities of the Series 2011 Bonds were fully redeemed.

In May 2012, the EDA issued \$65,965,000 of revenue bonds Series 2012 to finance the improvement of certain properties to be used by the County as mental health facilities and as a neighborhood community center. In August 2017, the EDA issued \$31,150,000 of refunding revenue bonds to advance refund certain outstanding maturities of the Series 2012A facilities revenue bonds.

In June 2014, the EDA issued \$126,690,000 of facilities revenue bonds to finance the costs of the construction of a building to serve as a public safety facility for the County. Also, in June 2014, EDA issued \$30,175,000 of facilities revenue bonds to finance the leasehold acquisition from LAF, LLC of the Workhouse Arts Center located in Lorton, Virginia.

In March 2017, the EDA issued \$69,645,000 of facilities revenue bonds to finance the construction of parking facilities to be owned and operated by the County, located adjacent to WMATA's Herndon and Innovation Center Metrorail Stations.

In August 2017, the EDA issued \$19,060,000 of facilities revenue bonds to finance the costs of the construction and improvement of certain property to be used by the County as an adult day care facility, child day care centers, and a senior center or for other County approved purposes.

As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on these bonds, the related transactions, including the liability for the bonds, have been recorded in the County's financial statements and not in those of EDA.

In the event of default, EDA Revenue Bonds Trustees may declare the principal of all of the Bonds then outstanding, to be due and payable immediately, subject to the right of EDA to cure such default. Bondholders will have the right to direct the method and place of conducting all remedial proceedings to be taken under the agreement. The acceleration clause, if applicable, allows the lender, upon default, to accelerate payment of the entire unpaid Bond principal and interest.

In June 2011, the CDA issued \$46,980,000 of revenue bonds (Mosaic District Project) Series 2011A. In July 2011, the Authority issued \$18,670,000 of revenue bonds (Taxable) Series 2011A-T. The bonds were issued to finance certain public infrastructure improvements within or serving the CDA district. The 2011 Bonds are limited obligations of the CDA, payable solely from and secured by a pledge of certain County Advanced Revenues and certain Special Assessment Revenues. In December 2020, the CDA issued \$37,765,000 of revenue refunding bonds (Mosaic District Project) Series 2020A to current refund the outstanding maturities of the Series 2011A revenue bonds, which resulted in an aggregate decrease in the overall debt service of \$23,940,499 and an economic gain (the difference between the present values of the old and new debt service payments) of \$17,659,695. In December 2020, the CDA issued \$17,885,000 of revenue refunding bonds (Taxable) Series 2020A-T to current refund the outstanding maturities of the Series 2011A-T revenue bonds, which resulted in an aggregate decrease in the overall debt service of \$9,226,274 and an economic gain of \$6,539,005. These bond refundings resulted in a deferred loss of \$161,042. The 2020 Bonds are limited obligations of the CDA, payable solely from and secured by a pledge of certain County Advanced Revenues and certain Special Assessment Revenues.

In November 2013, the County issued a \$11,085,000 of special subfund revenue bond (the "2013 VRA Bond") to Virginia Resources Authority ("VRA"). In return for issuing the 2013 VRA Bond,

VRA provided the County with a portion of the proceeds realized from its autumn 2013 pooled financing bond transaction. The 2013 VRA Bond was issued to finance renovations to a complex that serves as a senior housing and assisted living facility, a senior center, and an adult day health care center in the County. The County is obligated by a contract with VRA to pay amounts equal to the debt service on the 2013 VRA Bond.

In the event of default, VRA has the right to immediately declare all outstanding bond payments due and payable by the County without further notice or demand and is authorized to take legal action necessary to collect the payments owed.

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

Detailed information regarding the revenue bonds outstanding as of June 30, 2021, is contained in Section 5 of this note.

3. Sewer Revenue Bonds

On October 14, 2004, the Sewer System issued \$94,005,000 of Series 2004 sewer revenue refunding bonds, with an average interest rate of 4.61 percent, to advance refund \$91,430,000 of the outstanding Series 1996 sewer revenue bonds with an average interest rate of 5.82 percent. Net proceeds of the refunding bond were used mostly to redeem the Series 1996 bonds on July 15, 2006.

On August 8, 2012, the Sewer System issued \$90,710,000 of Series 2012 sewer revenue bonds, with an average interest rate 4.53 percent, to fund upgrade costs allocable to the System at certain treatment facilities that are owned by or that provide service to the County, the purchase of additional capacity, and the costs for other system improvements.

On April 16, 2014, the Sewer System issued \$61,755,000 of Series 2014 sewer revenue refunding bonds, with an average interest rate of 4.14 percent, to advance refund \$69,745,000 of the outstanding Series 2004 sewer revenue refunding bonds with an average interest rate of 4.61 percent. Net proceeds of the refunding bond were used mostly to redeem the Series 2004 bonds on July 15, 2014. This refunding resulted in a deferred net loss of \$4,045,945, which is being amortized over 15 years, and an aggregate decrease in the overall debt service of \$15,461,166.

On May 12, 2016, the Sewer System issued \$164,450,000 of Series 2016A sewer revenue bonds, with a weighted average interest rate of 3.92 percent, to advance refund \$123,065,000 of outstanding Series 2009 revenue bonds with an average interest rate of 4.80 percent and \$46,720,000 of outstanding Series 2012 revenue bonds with an average interest rate of 4.67 percent. This refinancing resulted in a deferred net loss of \$12,406,377, which is being amortized over 24 years, and remaining outstanding amounts of \$13,400,000 unrefunded Series 2009 bonds and \$39,545,000 unrefunded Series 2012 bonds. This refunding resulted in an aggregate decrease in the overall debt service of \$35,116,418 and an economic gain (the difference between the present values of the old and new debt service payments) of \$20,440,024.

On June 28, 2017, the Sewer System issued \$85,785,000 of Series 2017 sewer revenue bonds, with an average interest rate of 4.77 percent, to fund certain additions, extensions, and improvements to the County's sewage collection, treatment, and disposal systems, capital improvement costs allocable to the County at certain wastewater treatment facilities that provide service to the County, the purchase of any necessary additional capacity at certain wastewater treatment facilities for the benefit of the County, the costs of issuing the Series 2017 Bonds, and the necessary deposit to the reserve subfund.

On June 9, 2021, the Sewer System issued \$191,990,000 of Series 2021A sewer revenue bonds, with an average interest rate of 4.66 percent to pay the costs of certain additions, extensions and improvements to the County's sewage collection, treatment and disposal systems, pay for capital improvement costs allocable to the County at certain wastewater treatment facilities that provide service to the County and, if necessary, purchase additional capacity at certain wastewater treatment facilities for the benefit of the County, the costs of issuing the Series 2021A bonds, and the necessary deposit to the reserve subfund.

On June 9, 2021, the Sewer System issued \$24,210,000 of Series 2021B sewer revenue refunding bonds, with an average interest rate of 3.67 percent to refund \$28,625,000 of the outstanding Series 2012 Bonds with an average interest rate of 4.50 percent. The net proceeds were used to redeem the Series 2012 bonds on July 15, 2021. This refunding resulted in a deferred net gain of \$3,969,019, which is being amortized over 21 years, and an aggregate decrease in the overall debt service of \$11,937,848.

As of June 30, 2021, the outstanding bonds consist of \$2,055,000 of Series 2012 revenue bonds, \$40,405,000 of Series 2014 revenue refunding bonds, \$160,635,000 of Series 2016A revenue refunding bonds, \$81,640,000 of Series 2017 revenue bonds, \$191,990,000 of Series 2021A revenue bonds, and \$24,210,000 of Series 2021B revenue refunding bonds.

The aforementioned sewer revenue bonds were issued in accordance with the General Bond Resolution adopted by the Board on July 29, 1985 and are payable from and secured by the net revenue generated through the Sewer System's operations. The General Bond Resolution includes a rate covenant under which the Sewer System agrees to charge reasonable rates for the use of services it renders but will adjust the rates from time to time to generate net revenues sufficient to provide an amount equal to 100 percent of its annual principal and interest requirements as well as the Sewer System's annual commitments to fund its proportionate share of other jurisdictions' debt service requirements. Pursuant to the General Bond Resolution, the Sewer System is required to maintain a reserve equal to the lesser of (i) the maximum principal and interest requirements of the outstanding bonds for any year or (ii) 125 percent of the average annual principal and interest for any bond year. In addition, payment of the principal and interest on all bonds is insured by municipal bond insurance policies.

In the event of default, Sewer Revenue Bonds Trustees may proceed to protect and enforce its rights and rights of the Bond Holders under the laws of the Commonwealth or the General Bond Resolution or by proceedings in the office of any board having jurisdiction, either for the specific performance of any agreement or for the enforcement of any proper legal or equitable remedy. In the enforcement of any remedy under the General Bond Resolution, the Trustee or the Bond Holders will be entitled to sue for, enforce payment of amounts remaining due for principal, interest, interest on overdue payments of principal, all costs and expenses of collection and all proceedings under the General Bond Resolution. The acceleration clause allows the lender, upon default, to accelerate payment of the entire unpaid Bond principal and interest.

In December 2003, UOSA issued \$58,150,000 of regional sewer system revenue refunding bonds (UOSA 2003) to advance refund its outstanding UOSA 1993 bonds, resulting in a deferred net gain of \$1,514,497, which is being amortized over 18 years.

In July 2005, UOSA issued \$82,465,000 of regional sewer system revenue refunding bonds (UOSA 2005), of which the Sewer System's share is \$53,201,198, to advance refund another portion of the outstanding UOSA 1995 bonds. This resulted in a deferred net gain of \$1,909,604, which is being amortized over the life of the UOSA 2005 bonds.

In February 2007, UOSA issued \$90,315,000 of regional sewer system revenue refunding bonds (UOSA 2007A), of which the Sewer System's share is \$58,265,521, to advance refund another portion of the outstanding UOSA 1995 bonds. This resulted in a deferred net loss of \$83,868, which is being amortized over the life of the UOSA 2007A bonds.

In December 2007, UOSA issued \$119,715,000 of regional sewer system revenue bonds (UOSA 2007B), of which the System's share is \$53,925,458, to fund the expansion of its wastewater treatment and conveyance facilities.

In December 2010, UOSA issued \$85,180,000 of regional sewer system revenue bonds (UOSA 2010), of which the System's share is \$34,113,615, to fund certain capital improvements.

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

In May 2013, UOSA issued \$101,615,000 of regional sewer system revenue refunding bonds (UOSA 2013A), of which the System's share is \$65,555,566, to advance refund the outstanding Series 2005 bonds. This refunding resulted in a deferred net loss of \$12,354,368, which is being amortized over the life of the Series 2013A bonds, but an aggregate decrease in the overall debt service of approximately \$4.9 million.

In November 2013, UOSA issued \$37,735,000 of regional sewer system revenue refunding bonds (UOSA 2013B), of which the System's share is \$23,911,671, to advance refund the outstanding UOSA 2003 bonds. This resulted in a deferred net loss of \$2,520,436, which is being amortized over the life of the UOSA 2013B bonds, but an aggregate decrease in the overall debt service of approximately \$2.1 million.

In fiscal year 2015, UOSA issued regional sewer system revenue refunding bonds (UOSA 2014) to advance refund the outstanding UOSA 2007A bonds and a portion of the outstanding UOSA 2007B bonds. Of the \$112,190,980 UOSA 2007 bonds outstanding balance, \$93,175,291 was refunded into the UOSA 2014 bonds. This resulted in a net deferred gain of \$2,029,198, which is being amortized over 24 years, and an aggregate decrease in the overall debt service of \$6,359,189.

In fiscal year 2016, UOSA issued regional sewer system revenue refunding bonds (UOSA 2016B) to advance refund the \$19,015,689 remaining outstanding UOSA 2007B bonds. This refunding resulted in a deferred net gain of \$533,782, which is being amortized over 22 years, and an aggregate decrease in the overall debt service of \$4,676,694.

In December 2019, UOSA issued \$52,440,000 of regional sewer system revenue bonds (UOSA 2019), of which the System's share is \$21,410,631, to fund improvements to UOSA's regional advanced wastewater treatment system.

In November 2020, UOSA issued regional sewer system revenue refunding bonds (UOSA 2020) to advance refund the \$91,146,092 remaining outstanding UOSA 2014 bonds. This refunding resulted in a deferred net loss of \$19,939,089, which is being amortized over 20 years, but an aggregate decrease in the overall debt service of \$2,594,724.

The Sewer System's share of UOSA's total outstanding debt as of June 30, 2021 is \$238,023,361 and it is subordinate to the sewer revenue bonds issued by the Sewer System.

In the event of default, UOSA bondholders have the right to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Agreement. Bondholders do not have the right to institute any suit, action, or proceeding in equity or at law for enforcement of the Trust Agreement for the execution trust unless the specific terms of the bond agreement are met. Nothing in the Trust Agreement shall affect or impair the right of any bondholder to enforce legal action for payment of the principal, premium, and interest upon maturity of the bond.

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

In May 2016, the System executed a rate reduction agreement with VRA, reducing the interest rate of VRA 2001 and VRA 2002 bonds from 2.35 percent to 0.95 percent per annum. This reduced the semi-annual debt service payments from \$1,395,539 and \$1,706,099, respectively, to \$1,349,141 and \$1,638,306, respectively. This rate reduction resulted in an aggregate decrease in the VRA 2001 and VRA 2002 debt service of \$463,990 and \$813,525, respectively. The bonds are subordinate to all outstanding prior bond issues of the Sewer System and Sewer System payments for operation and maintenance expenses. In February 2021, the VRA 2001 subordinated sewer revenue bonds reached final maturity.

As of June 30, 2021, the outstanding principal balance for the VRA 2002 subordinated revenue bond is \$3,253,412.

In the event of default, VRA has the right to immediately declare all outstanding bond payments due and payable by the System without further notice or demand and is authorized to take legal action necessary to collect the payments owed.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2021 is contained in Section 5 of this note.

4. Bond Anticipation Notes

In November 2007, the FCRHA issued a \$105,485,000 of bond anticipation note (Series 2007B) to finance a portion of the purchase price of a multi-family rental housing property as part of the County's affordable housing initiative. In October 2008, the FCRHA issued a \$104,105,000 bond anticipation note (Series 2008B) to repay the outstanding \$105,485,000 bond anticipation note (Series 2007B). In August 2009, the FCRHA issued a \$94,950,000 of revenue bonds to provide funds, together with other funds, sufficient to pay the outstanding \$104,105,000 short-term bond anticipation note (Series 2008B) that matured on October 1, 2009. The bonds bear an average interest rate of 4.53 percent and mature on October 1, 2039. In August 2019, the FCRHA issued \$61,795,000 to refund a portion of the principal amount of the Series 2009 Bonds outstanding. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on these bonds, the related transactions, including the liability

for these bonds, have been recorded in the County's financial statements and not in those of the FCRHA.

In February 2008, the FCRHA issued a \$37,615,000 refunding bond anticipation notes to repay a portion of a 2007 short-term note that matured on February 12, 2008. The original short-term note was issued to partially finance the purchase of a multi-family rental housing complex as part of the County's affordable housing initiative. In May 2011, the FCRHA issued \$28,905,000 of bond anticipation notes to current refund \$30,215,000 of outstanding Series 2008A bond anticipation notes. In February 2013, the FCRHA issued \$24,650,000 of bond anticipation notes to current refund \$26,725,000 of outstanding Series 2011 bond anticipation notes. The note matured on March 1, 2015. In February 2015, the County and FCRHA entered into a direct loan agreement with Bank of America, N.A. in a principal amount of \$18,260,000, which together with other County funds refinanced the 2013A bond anticipation notes. In February 2018, FCRHA issued \$11,175,000 Revenue Bonds Series 2018A (Federally Taxable), which together with other County funds refinanced the FCRHA direct loan agreement with Bank of America, N.A. The County is obligated by the terms of a payment agreement with FCRHA, subject to the appropriation of funds for the purpose, to pay amounts equal to the interest on and the principal of the FCRHA 2018A revenue bonds.

In December 2013, EDA and the County entered into a loan agreement with TD Bank, N.A., with the proceeds of \$25,000,000 being made available to the County to provide financing for the costs of the planned replacement of the County-owned building subsystems such as roofs, electrical systems, HVAC, plumbing systems, carpet replacement, parking lot and garage repairs, fire alarm replacement and emergency generator replacement that have reached the end of their useful life. In March 2015, the County received an additional \$10,000,000 from TD Bank, N.A. under a loan agreement to finance additional County building improvements. The \$25,000,000 loan was retired in January 2019, and the \$10,000,000 loan was retired in January 2020.

In December 2014, EDA utilized its revenue bond structure (Silver Line Phase II) Series 2014 to enter into a loan agreement with the United States Department of Transportation for a Transportation Infrastructure Financing and Innovation Act (TIFIA) loan in the principal amount up to \$403,274,894 (plus capitalized interest). Proceeds from the TIFIA Loan will be used to finance the County's share of Phase II of the Silver Line Metrorail expansion. The County is obligated by a contract with the EDA to pay amounts equal to debt service on the TIFIA loan. The County's obligation to make such payments is subject to the annual appropriation by the Board of sufficient funds for such purpose. The terms of the TIFIA Bond provide for repayment of the loan to begin October 1, 2023 and end April 1, 2046. As of June 30, 2021, the outstanding principal of the TIFIA Loan was \$447,480,044.

Detailed information regarding the bond anticipation notes and notes payable outstanding as of June 30, 2021 is contained in Section 5 of this note.

5. County Debt and Related Interest to Maturity

The County's outstanding general obligation bonds, revenue bonds, notes payable, HUD Section 108 loans, Sewer System revenue bonds, and the related interest to maturity as of June 30, 2021, are comprised of the issues presented on the following pages:

BASIC FINANCIAL STATEMENTS

Series		Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
Governmental activities:									
General obligation bonds:									
General County:									
Series 2009 E	Public Improvement (BABs)	4.50-5.25	10-28-09	10-01-29	4,247	63,700	38,220	8,664	46,884
Series 2012 B	Refunding	5.00	02-02-12	04-01-24	9,767-13,142	74,759	36,021	3,435	39,456
Series 2013 A	Public Improvement	5.00	01-24-13	10-01-22	3,925	78,535	7,850	393	8,243
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,242-8,716	54,389	24,182	1,964	26,146
Series 2014 A	Public Improvement	4.00-5.00	02-06-14	10-01-33	6,170	123,426	30,849	3,455	34,304
Series 2014 A	Refunding	4.00-5.00	02-06-14	10-01-23	822-833	18,569	2,481	183	2,664
Series 2014 B	Refunding	3.00-5.00	11-04-14	10-01-26	2,291-15,893	70,399	53,463	7,533	60,996
Series 2015 A	Public Improvement	3.00-5.00	03-04-15	10-01-34	4,300-4,305	86,037	34,410	5,935	40,345
Series 2015 B	Refunding	3.00-5.00	03-11-15	10-01-26	1,824-8,613	17,989	17,989	3,703	21,692
Series 2015 C	Refunding	5.00	07-07-15	10-01-25	2,662-4,422	49,077	15,182	1,729	16,911
Series 2016 A	Public Improvement	3.00-5.00	02-09-16	10-01-35	4,115	82,312	37,035	6,239	43,274
Series 2016 A	Refunding	3.00-5.00	02-09-16	10-01-30	2,242-13,840	37,806	35,592	8,726	44,318
Series 2017 A	Public Improvement	4.00-5.00	02-07-17	10-01-36	4,565-4,570	91,395	73,115	25,246	98,361
Series 2018 A	Public Improvement	4.00-5.00	01-24-18	10-01-37	4,221-4,225	84,481	71,805	26,775	98,580
Series 2019 A	Public Improvement	3.00-5.00	02-12-19	10-01-38	2,920-2,925	58,460	52,610	22,933	75,543
Series 2019 B	Refunding	3.30-5.00	02-12-19	10-01-32	112-4,056	17,066	16,939	5,643	22,582
Series 2020 A	Public Improvement	4.00-5.00	02-11-20	10-01-39	3,515-3,520	70,064	66,850	30,996	97,846
Series 2020 A	Refunding	4.00-5.00	02-11-20	10-01-31	1,333-3,423	35,627	32,594	8,871	41,465
Series 2020 B	Refunding	0.21-1.83	09-16-20	10-01-35	2,047-15,316	122,271	122,271	15,969	138,240
Series 2021 A	Public Improvement	2.00-4.00	02-09-21	10-01-40	4,870-4,875	96,850	96,850	26,938	123,788
Total general obligation bonds - General County						<u>1,333,212</u>	<u>866,308</u>	<u>215,330</u>	<u>1,081,638</u>
Schools:									
Series 2009 E	Public Improvement (BABs)	4.50-5.25	10-28-09	10-01-29	9,233	138,500	83,100	18,838	101,938
Series 2012 B	Refunding	5.00	02-02-12	04-01-24	14,742-21,058	117,591	56,809	5,368	62,177
Series 2013 A	Public Improvement	5.00	01-24-13	10-01-22	6,390	127,800	12,780	639	13,419
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,518-11,969	73,611	31,243	2,519	33,762
Series 2014 A	Public Improvement	4.00-5.00	02-06-14	10-01-33	7,045	140,904	35,226	3,945	39,171
Series 2014 A	Refunding	4.00-5.00	02-06-14	10-01-23	1,553-1,572	33,411	4,684	344	5,028
Series 2014 B	Refunding	3.00-5.00	11-04-14	10-01-26	6,626-28,423	131,791	95,377	12,568	107,945
Series 2015 A	Public Improvement	3.00-5.00	03-04-15	10-01-34	7,065	141,303	56,520	9,750	66,270
Series 2015 B	Refunding	3.00-5.00	03-11-15	10-01-26	4,736-19,772	39,081	39,081	7,920	47,001
Series 2015 C	Refunding	5.00	07-07-15	10-01-25	3,253-7,468	90,438	20,628	2,167	22,795
Series 2016 A	Public Improvement	3.00-5.00	02-09-16	10-01-35	6,735-6,740	134,728	60,630	10,213	70,843
Series 2016 A	Refunding	3.00-5.00	02-09-16	10-01-30	5,819-27,125	81,134	75,388	18,348	93,736
Series 2017 A	Public Improvement	4.00-5.00	02-07-17	10-01-36	6,845-6,850	136,980	109,580	37,836	147,416
Series 2018 A	Public Improvement	4.00-5.00	01-24-18	10-01-37	6,755-6,760	135,160	114,880	42,841	157,721
Series 2019 A	Public Improvement	3.00-5.00	02-12-19	10-01-38	7,810	156,200	140,580	61,309	201,889
Series 2019 B	Refunding	3.30-5.00	02-12-19	10-01-32	183-6,604	27,784	27,576	9,187	36,763
Series 2020 A	Public Improvement	4.00-5.00	02-11-20	10-01-39	7,210-7,215	143,861	137,075	63,576	200,651
Series 2020 A	Refunding	4.00-5.00	02-11-20	10-01-31	2,427-6,233	64,833	59,311	16,143	75,454
Series 2020 B	Refunding	0.21-1.83	09-16-20	10-01-35	2,863-21,890	171,789	171,789	23,246	195,035
Series 2021 A	Public Improvement	2.00-4.00	02-09-21	10-01-40	6,955-7,915	157,340	157,340	43,765	201,105
Total general obligation bonds - Schools						<u>2,244,239</u>	<u>1,489,597</u>	<u>390,522</u>	<u>1,880,119</u>
Total general obligation bonds						<u>3,577,451</u>	<u>2,355,905</u>	<u>605,852</u>	<u>2,961,757</u>
Revenue bonds:									
EDA revenue bonds:									
Series 2012 A	Refunding Laurel Hill Project	3.00-5.00	04-17-12	06-01-33	670-4,205	47,745	16,580	2,663	19,243
Series 2012 A	Facilities Revenue Bonds	4.50	05-30-12	03-01-42	3,105-3,700	65,965	16,980	14,585	31,565
Series 2014 A	Public Safety Facility Project	5.00	06-26-14	10-01-34	7,035-7,040	126,690	98,540	34,484	133,024
Series 2014 A	County Facilities Refunding	5.00	06-26-14	10-01-34	1,765-3,385	44,000	34,925	13,632	48,557
Series 2014 B	County Facilities Project	2.62-4.38	06-26-14	10-01-33	1,275-2,085	30,175	21,445	6,272	27,717
Series 2016	Silver Line Phase 1 Project	4.00-5.00	03-16-16	04-01-35	7,910-13,380	173,960	137,750	44,329	182,079
Series 2017	Metrorail Parking System Project	5.00	03-08-17	04-01-47	1,340-4,530	69,645	68,370	55,287	123,657
Series 2017A	County Facilities Project	2.17-3.79	08-10-17	10-01-37	770-1,290	19,060	16,830	5,519	22,349
Series 2017B	County Facilities Refunding	1.63-5.00	08-10-17	10-01-36	1,320-2,755	31,150	31,150	14,037	45,187
Series 2019	Six Public Facilities Refunding	3.25-4.13	04-23-19	04-01-32	1,175-1,725	18,125	15,870	4,441	20,311
Series 2020	Metrorail Station Parking Refunding	5.00	05-05-20	08-01-34	3,150-6,035	62,285	62,285	24,310	86,595

(Continued)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
FCRHA lease revenue bonds:								
Series 2018A Crescent	2.65-2.75	02-08-18	10-01-22	1,175-2,500	11,175	3,675	82	3,757
Series 2009 Wedgewood	5.00	08-13-19	10-01-39	1,940-4,765	61,795	59,950	32,908	92,858
VRA Subfund Revenue bonds:								
Series 2013 C Linconia Project	4.40-5.13	11-20-13	10-01-33	555	11,085	7,215	2,182	9,397
CDA revenue bonds:								
Series 2020 A Tax-Exempt	4.00	12-03-20	03-01-36	1,550-3,295	37,765	37,765	13,664	51,429
Series 2020 A Taxable	0.90-2.99	12-03-20	03-01-36	965-1,410	17,885	17,885	3,895	21,780
Total revenue bonds					828,505	647,215	272,290	919,505
Notes payables:								
Salona	4.14-4.29	12-27-05	12-31-25	645	12,900	2,903	309	3,212
TIFIA Loan	2.73	12-17-14	04-01-46	4,462-8,003	403,275	447,480	3,012	450,492
Total notes payables					416,175	450,383	3,321	453,704
HUD Section 108 Loans:								
HUD Section 108 loan #8	4.97-6.67	07-01-01	08-01-21	115	2,300	115	1	116
HUD Section 108 loan #12	Variable	02-14-11	08-01-30	343-344	6,535	3,439	541	3,980
Total HUD Section 108 loans					8,835	3,554	542	4,096
Total governmental activities								
Business-type activities:								
Sewer revenue bonds:								
UOSA Bonds Subordinated	0.297-5.60	12-23-10	07-01-52	843-23,724	277,621	238,024	58,664	296,688
Series 2002 Subordinated	0.95	06-01-02	02-01-22	3,253	50,000	3,253	24	3,277
Series 2012 Revenue	5.00	08-08-12	07-15-21	2,055	90,710	2,055	51	2,106
Series 2014 Refunding	3.00-5.00	04-16-14	07-15-28	4,255-5,770	61,755	40,405	6,282	46,687
Series 2016 Refunding	3.00-5.00	05-12-16	07-15-39	3,950-12,950	164,450	160,635	64,281	224,916
Series 2017 Revenue	4.00-5.00	06-28-17	07-15-47	1,485-5,375	85,785	81,640	67,075	148,715
Series 2021A Revenue	4.00-5.00	06-09-21	07-15-51	3,130-11,545	191,990	191,990	163,528	355,518
Series 2021B Refunding	3.00-4.00	06-09-21	07-15-42	3,585-4,545	24,210	24,210	16,577	40,787
Total business-type activities					946,521	742,212	376,482	1,118,694
Total County bond, note, and loan indebtedness					\$ 5,777,487	4,199,269	1,258,487	5,457,756

Principal and interest to maturity (in thousands) for the County's general obligation bonds, revenue bonds, loans, and Sewer System revenue bonds outstanding at June 30, 2021 are as follows:

Fiscal Year	Governmental Activities						Business-Type		Total	
	General Obligation Bonds		Revenue Bonds		Notes and Loans		Sewer System Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 213,570	90,345	37,430	29,668	1,104	3,229	32,113	23,452	284,217	146,694
2023	206,455	79,941	37,685	27,516	989	179	27,738	26,369	272,867	134,005
2024	194,795	70,729	34,100	25,872	448,469	143	31,868	25,317	709,232	122,061
2025	191,600	61,608	35,345	24,276	989	106	33,092	24,104	261,026	110,094
2026	181,240	53,778	36,620	22,622	667	67	41,489	22,876	260,016	99,343
2027-2031	742,935	172,539	204,215	86,149	1,719	140	155,339	97,787	1,104,208	356,615
2032-2036	452,905	65,903	182,330	38,261	-	-	123,943	73,837	759,178	178,001
2037-2041	172,405	11,009	51,650	13,364	-	-	137,756	48,066	361,811	72,439
2042-2046	-	-	23,310	4,336	-	-	79,637	25,623	102,947	29,959
2047-2051	-	-	4,530	226	-	-	66,624	8,788	71,154	9,014
2052-2056	-	-	-	-	-	-	12,613	263	12,613	263
Totals	\$ 2,355,905	605,852	647,215	272,290	453,937	3,864	742,212	376,482	4,199,269	1,258,488

In July 2005, the City of Fairfax (the City) secured funding, for the construction of the New Library, through the sale of 30 year EDA Lease Revenue Bonds for public improvements. Approximately, \$22,940,000 of the bond proceeds were allocated for the construction of the New Library. After the new library was completed, the City transferred ownership to the County on January 13, 2009, including all land and the new building. On January 22, 2009, the County transferred ownership to the City for the existing library, including all land and the old building.

Annual requirements to amortize long-term obligations related to the library exchange are as follows:

Fiscal Year	Governmental Activities
	Library Exchange Contribution
2022	\$ 864,915
2023	868,274
2024	871,646
2025	875,031
2026	878,429
2027-2031	4,443,582
2032-2035	3,617,393
Totals	\$ 12,419,270

6. FCRHA Bonds, Notes, and Loans Payable

In December 2018, the FCRHA issued a \$20,000,000 Multifamily Housing Revenue Bond Note (Series 2018) for the acquisition and rehabilitation of Murraygate Village Apartments by Murraygate Village Limited Partnership (MVLVP), a limited partner of the FCRHA. These bonds had an interest rate of 2.26 percent. Also, in December 2018, the FCRHA issued a \$30,000,000 Multifamily Housing Revenue Bond Note (Series 2018) for the rehabilitation of Parkwood Apartments by Parkwood Venture Limited Partnership, a limited partner of MRK Partners, Inc. These bonds had an interest rate of 2.21percent and were fully redeemed on the due date of August 1, 2020. In August 2020, the FCRHA issued a \$4,000,000 Multifamily Housing Revenue Bond Note (Series 2020) for the continued rehabilitation of Murraygate Village Apartments by MVLVP. These bonds had an interest rate of 0.65 percent.

The FCRHA issues various debt instruments, including bonds, notes and mortgages, to finance the cost of acquisition, construction, and equipping of its workforce, senior, disabled, low income, transient, and homeless affordable housing projects. These debt instruments are usually secured by the properties being financed. Sources of permanent financing include the Federal Department of Housing and Urban Development (HUD), the Virginia Housing Development Authority (VHDA), commercial lenders, and the County.

The table details all FCRHA bonds, notes (including a loan from the County), and loans payable as of June 30, 2021, excluding FCRHA's component units is presented as follows:

Series	Secured By	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Total Principal Outstanding (000)
Housing Bonds Payable:							
Mortgage revenue bonds	Little River Glen rental property	4.65-6.10	08-29-96	09-01-26	\$ 150-190	\$ 6,340	\$ 2,300
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.35	08-01-97	07-01-27	24-30	2,875	386
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-6.0	05-01-99	05-01-29	44-56	2,000	926
Multi-family revenue bonds	Cedar Ridge Apartments	5.984	03-29-07	10-01-48	62-115	13,200	11,525
Multi-family revenue bonds	Olley Glen - senior rental property	average of 5.37%	08-26-08	08-01-51	30-355	12,220	4,549
Total mortgage bonds payable - FCRHA						58,335	19,686
Mortgage Notes Payable and Loan from County:							
United Bank	Faircrest North, Laurel Hill, Westcott Ridge, Holly Acres, Legato Corner, and Willow Oaks rental properties	6.21	01-01-07	12-01-21	54-65	2,998	1,830
	East Market, Fair oaks, Bryson	6.14	12-06-07	12-01-22	15-22	856	553
	Stockwell, Northampton, Halstead I & II	6.11	07-24-09	07-01-24	15-22	868	610
Sun Trust Bank	Stonegate rental property	6.16	02-08-05	01-08-24	112	1,286	314
Virginia Housing Development Authority	First Stop Group Home property	7.61	08-01-06	03-01-25	-	385	126
Fulton Bank	Morris Glen	8.50	01-01-14	04-01-26	26	322	181
Fairfax County Redevelopment and Housing Authority	Herndon Harbour House I	2.00	varies	08-01-27	-	3,013	2,653
	Herndon Harbour House II	2.00	varies	05-01-29	-	3,059	3,059
	The Green rental property	3.37	varies	11-01-28	-	1,257	908
	Castellani Meadows	4.00	varies	04-01-28	-	1,920	1,227
	Tavanner	7.21	varies	01-01-27	-	2,042	778
	Morris Glen	varies	varies	varies	-	2,272	1,409
	Stonegate	1.00	varies	04-01-24	-	1,957	271
Total mortgage notes payable - FCRHA						22,235	13,919
Total public housing bonds, notes, and loans payable - FCRHA primary government						\$ 80,570	\$ 33,605

The FCRHA's annual required principal and interest payments to maturity on the bonds, notes (including a loan from the County), and loans payable, excluding FCRHA's component units, at June 30, 2021, are presented below:

Fiscal Year	Component Unit - FCRHA (Primary Government)					
	Housing Bonds Payable		Mortgage Notes Payable and Loan from County		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	715,457	1,051,197	2,047,125	180,699	2,762,582	1,231,896
2023	758,910	1,008,891	719,077	109,964	1,477,987	1,118,855
2024	803,781	964,020	730,894	82,274	1,534,675	1,046,294
2025	860,164	916,354	64,469	37,469	924,633	953,823
2026	908,145	865,496	1,462,777	645,616	2,370,922	1,511,112
2027-2031	2,704,242	3,712,977	8,624,508	5,335,198	11,328,750	9,048,175
2032-2036	2,379,842	3,128,250	270,500	-	2,650,342	3,128,250
2037-2041	3,164,859	2,415,277	-	-	3,164,859	2,415,277
2042-2046	4,208,611	1,464,780	-	-	4,208,611	1,464,780
2047-2051	3,182,071	348,039	-	-	3,182,071	348,039
Totals	\$ 19,686,082	15,875,281	13,919,350	6,391,220	33,605,432	22,266,501

7. Park Authority Bonds, Loans, and Notes Payable

In February 1995, the Park Authority issued \$13,870,000 of Park Facilities Revenue Bonds, Series 1995, to fund the construction of additional golf facilities for County residents and patrons. In September 2001, the Park Authority issued \$13,015,000 of Park Facilities Revenue Refunding Bonds, Series 2001, with an average interest rate of 4.36 percent, to advance refund \$11,670,000 of the outstanding Series 1995 bonds with an average interest rate of 6.62 percent. Proceeds of \$12,615,112 were used to purchase U.S. Government securities, which were deposited in an irrevocable escrow fund to provide for the resources to redeem the Series 1995 Bonds on July 15, 2003. The outstanding \$7.02 million of Revenue Bonds Series 2001 was refunded on June 5, 2013 through the Virginia Resources Authority bond sale of Series 2013, which resulted in a total debt service savings of \$1.92 million. The bonds are solely the obligation of the Park Authority and were paid off in October 2020 of fiscal year 2021. As a result of this, the bond covenant which required to keep reserve in the Park Improvement Fund, upon recommendation of the Executive Director, the Park Board approved transfer into Park Revenue and Operating Fund to restore the net negative position caused due to the COVID-19 pandemic.

In June 2003, the Park Authority received a \$15,530,000 loan from the County to fund the development and construction of a public golf course and related structures, facilities, and equipment to be located in the Laurel Hill area of the southern part of the County. As a 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 \$13,222,200.

The debt service requirements to maturity for the outstanding bonds and loan at June 30, 2021, are as follows:

Fiscal Year	Loan from Primary Government		
	Int. Rate	Principal	Interest
2022	5.00 %	\$ 645,300	337,794
2023	3.00	714,100	305,529
2024	5.00	670,000	284,106
2025	3.00	740,000	250,606
2026	3.00	760,000	228,406
2027-2031	3.00-4.00	4,190,000	770,306
2032-2033	4.00	1,880,000	101,614
Totals		<u>\$ 9,599,400</u>	<u>2,278,361</u>

8. Conduit Debt Obligations

The FCRHA is empowered by the Commonwealth to issue tax-exempt bonds on behalf of qualified businesses to develop or rehabilitate low-income housing within the County. Principal and interest on the tax-exempt bonds are paid entirely by the owners of the properties, who have entered into binding contracts to develop or rehabilitate the subject properties. The terms of the tax-exempt bonds stipulate that neither the FCRHA nor the County guarantees the repayment of principal and interest to the bondholders. A bondholder’s sole recourse in the event of default on the tax-exempt bonds is to the subject property and third-party beneficiaries. Accordingly, these bonds are not reported as

liabilities in the accompanying financial statements. As of June 30, 2021, approximately \$34.7 million of such tax-exempt bonds that are still outstanding.

In December 2018, the FCRHA issued a \$30,000,000 Multifamily Housing Revenue Bond Note (Series 2018) for the rehabilitation of Parkwood Apartments by Parkwood Venture Limited Partnership, a limited partner of MRK Partners, Inc. These bonds had an interest rate of 2.21 percent and were fully redeemed on the due date of August 1, 2020.

The EDA is empowered by the Commonwealth to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating and/or expanding their operations within the County. Principal and interest on the IRBs are paid entirely by the businesses. The terms of the IRBs stipulate that neither the EDA nor the County guarantees the repayment of principal and interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2021, the cumulative amount of all IRBs outstanding was \$412,390,346.

In October 2003, August 2004, March 2007, and July 2008, the EDA issued \$33,375,000, \$57,410,000, \$41,505,000, and \$51,505,000, respectively, of transportation contract revenue bonds on behalf of the State Route 28 Transportation Improvement District for the purpose of financing a portion of the costs of constructing certain improvements to State Route 28 in the County and in Loudoun County, Virginia. In May 2012, the EDA issued \$86,275,000 of transportation contract revenue refunding bonds on behalf of the State Route 28 Transportation Improvement District to advance refund \$29,285,000 of outstanding Series 2003 bonds and \$52,755,000 of outstanding Series 2004 bonds. In August 2016, the EDA issued \$43,035,000 of transportation contract revenue refunding bonds, Series 2016 A and \$45,760,000 of transportation contract revenue refunding bonds, Series 2016 B, on behalf of the State Route 28 Transportation Improvement District to advance refund \$41,505,000 of outstanding Series 2007A bonds and partially refund \$43,660,000 of outstanding principal of the Series 2008 Bonds, respectively, leaving \$3,590,000 of the outstanding principal of the Series 2008 bonds unrefunded. These bonds are payable primarily from a limited ad valorem real property tax levied by the counties on property owners in the district. The bonds are secured by a reserve subfund, and each County has agreed to cure one-half of any deficiency in the reserve subfund. As neither the EDA nor the Counties are responsible to make principal or interest payments on the bonds, neither reports a liability for the bonds. Rather, this liability for debt service payments on the bonds rests with the State Route 28 Highway Transportation Improvement District. As of June 30, 2021, the total outstanding principal amount of these transportation contract revenue bonds outstanding was \$150,040,000.

In the event of default, Trustees may proceed to protect and enforce its rights and rights of the State Route 28 District's Bond Holders under the Master Indenture, the Bond Acts and the Bonds by such suits, actions, or proceedings provided, that any monetary remedies under the Master Indenture will be limited to amounts, if any, from the Board's Trust Estate, including but limited to civil actions to recover monetary damages. The acceleration clause allows the lender, upon default, to accelerate payment of the entire unpaid Bond principal and interest.

In December 2005, the Park Authority issued two notes totaling \$12.9 million to finance the acquisition of a permanent conservation easement. As the County is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the notes, the related transactions, including the liability for the notes, have been recorded in the County's financial statements and not in those of the Park Authority. The notes are not general obligation debt of the County, and the full faith and credit of the County is not pledged to the notes. As of June 30, 2021, \$2.9 million of these notes are outstanding.

In the event of default, the Park Authority is not obligated to pay the instalments 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 Park Authority is pledged to the payments of installments on these notes. The Park Authority has no taxing power.

9. Defeasance of Debt

Advance Refundings Resulting in Defeasance of Debt:

During the fiscal year, the County has defeased certain outstanding bonds by placing the proceeds of newly issued bonds in an irrevocable escrow fund to provide for all future debt service payments on the old bonds. Accordingly, the escrow fund assets and the liabilities for the defeased bonds are not included in the financial statements. As of June 30, 2021, the outstanding bonds considered defeased but not yet redeemed are \$350.0 million in general obligation bonds and \$17.5 million in revenue bonds.

In-Substance Defeasance of Debt Using Only Existing Resources:

In FY2021, the County closed on a partially defeased certain EDA 2016 obligations associated with the transportation district improvement bonds (Silver Line Phase 1 Project) using only existing resources.

Following is the information on the nature of transaction:

Amount of debt extinguished	\$11,190,000
Amount placed in trust	\$12,998,824
Reason for defeasance	To save \$17.5 million of future debt service payments.
Cash flows required to service the defeased debt	\$13,428,000

Accordingly, the escrow fund assets and liabilities for the defeased bonds are not included in the financial statements.

10. Sanitary Landfill Closure and Postclosure Obligation

The County is required to present Financial Assurance Requirements for any future closure and post-closure expenditures related to the I-95 Sanitary Landfill, the I-66 Landfill, and the I-66 Transfer Station by reporting an estimated financial assurance liability (closure and post-closure obligation).

The majority of the \$49.4 million closure and post-closure obligation, as of June 30, 2021, is in relation to the I-95 Landfill. State and federal regulations require the County to place final covers on the I-95 Landfill at key points in time during the life of the disposal units, such as when final design grades are reached and, ultimately, when the unit stops accepting solid waste. In addition, maintenance of environmental infrastructure and monitoring of performance parameters are required for 30 years after closure.

The I-95 Landfill consists of two major units: the Municipal Solid Waste (MSW) unit and the Area Three Lined Landfill (ATLL) unit. The MSW unit stopped accepting waste on December 31, 1995

and the final closure cap, Phase IV, was completed during 2007. As of December 31, 2007, all closure costs associated with the MSW unit were complete and no post-closure costs are anticipated until I-95 Landfill facility reaches capacity. The ATLL unit is active and continues to accept incinerator ash generated from the thermal processing of municipal solid waste at the Fairfax and Arlington/Alexandria Waste-To-Energy facilities. Closure expenditures for approximately 17 percent of the permitted ATLL cap area have been incurred for the ATLL unit. The County holds permits allowing it to continue to dispose of ash in the ATLL unit until it reaches capacity, currently estimated to occur in approximately 2057.

The closure and post-closure obligation for the I-95 Landfill, as of June 30, 2021, is \$48.1 million. The amount represents closure and post-closure obligation for ATLL unit and post-closure obligation for MSW unit. The actual cost may vary due to inflation, changes in technology, or changes in regulations. It is expected that the landfill closure and post-closure care costs will be funded from existing resources in the I-95 Refuse Disposal Fund.

A \$1.3 million obligation was estimated for long-term operational maintenance expenditures related to the landfill gas collection system at the closed I-66 Landfill and for the closure and post-closure expenditures related to the I-66 Transfer Station.

11. Obligations Under Capital Leases and Installment Purchases

The reporting entity has financed the acquisition of certain capital assets, including a satellite government center, buses, computer equipment, copier machines, and trailers, by entering into capital lease and installment purchase agreements. The balance of capital assets, net, and the minimum obligations under these capital lease and installment purchase agreements as of June 30, 2021, are as follows:

Asset Class	Primary Government -	Component Unit -
	Governmental Activities	Public Schools
Land	\$ -	6,000,000
Buildings	-	56,910,185
Improvements	2,106,288	-
Equipment	34,107,780	118,421,051
Total assets, at cost	36,214,068	181,331,236
Accumulated depreciation	(33,544,775)	(48,924,920)
Total assets, net	\$ 2,669,293	132,406,316
Fiscal Year	Minimum Obligations	Minimum Obligations
2022	\$ 1,236,381	31,221,348
2023	1,241,700	23,943,997
2024	276,722	21,521,904
2025	282,257	13,627,309
2026	47,197	4,230,496
2027-2031	-	17,342,375
2032-2035	-	13,871,875
Total minimum obligations	3,084,257	125,759,304
Portion representing interest	(91,700)	(15,966,999)
Present value of minimum obligations	\$ 2,992,557	109,792,305

The County is the lessor in a direct financing lease with Public Schools for an administrative office building and related land. The lease is structured so that Public Schools will make annual lease payments over 30 years equal to the County's required debt service payments on the Series 2005 Facilities Revenue Bonds (see Note J-2). The County will transfer ownership of the building to Public Schools once all the lease obligations are satisfied. The total future minimum lease payments receivable is \$34.9 million and unearned revenue in the amount of \$34.9 million is reported. Minimum lease payments for each of the five succeeding fiscal years are \$1,765,000, \$1,855,000, \$1,955,000, \$2,050,000, and \$2,160,000 respectively.

K. LONG-TERM COMMITMENTS

1. Washington Metropolitan Area Transit Authority (WMATA)

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

Capital Contributions – Transit Equipment and Facilities

Each fiscal year, the County and other local jurisdictions make contributions for WMATA's acquisition, replacement, and rehabilitation of transit equipment and facilities and for the debt service on federally guaranteed transit revenue bonds issued by WMATA. The County's obligation of approximately \$46.9 million for fiscal year 2021 was funded with \$42.0 million of County general obligation bond proceeds and \$4.9 million of County funds. It is anticipated that the County's obligation for fiscal year 2022 will amount to \$47.6 million and be funded with \$41.0 million from County general obligation bond proceeds and \$6.6 million of County funds.

Operating Subsidies

The County and other local jurisdictions contribute annually toward WMATA's deficits resulting from the operation of its rail, bus, and paratransit systems. For fiscal year 2021, the County's obligation of approximately \$152.8 million for operating subsidies was offset by a \$26.3 million credit allocated by WMATA as part of the CARES Act. This resulted in a net obligation of \$126.5 million, which was funded with \$35.4 million of County funds and \$91.1 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2022 will amount to \$152.1 million and be funded with \$117.0 million of state aid and regional gasoline tax receipts provided through the NVTC and \$35.1 million of County funds.

The state aid discussed in both Capital Contributions and Operating subsidies is shown passing through the County and Regional Transportation Projects Fund but is transmitted to NVTC directly from the Commonwealth.

2. Virginia Railway Express (VRE)

The County, as a member of the NVTC and in cooperation with the Potomac and Rappahannock Transportation Commission (PRTC), is a participating jurisdiction in the operation of the VRE commuter rail service. The service primarily consists of rush hour trips originating from Manassas, Virginia and from Fredericksburg, Virginia to Union Station in Washington, DC. There are five stations in Fairfax County.

In October 1989, the Board approved the Commuter Rail Master Agreement and financial plans. These have subsequently been amended to reflect voting criteria for member jurisdictions, new member requirements, and fairness in the subsidy allocation formula which took effect for fiscal year 2008. The Board approved this Amended Master Agreement on September 10, 2007, which required the County to contribute to capital, operating, and debt service costs of the VRE on a pro rata basis according to its share of ridership. The County’s fiscal year 2021 contribution to the VRE was \$6.4 million.

3. Operating Lease Commitments

The County, Public Schools, and the EDA have entered into various long-term lease agreements for real estate and equipment. Certain real estate leases contain provisions which allow for increased rentals based upon increases in real estate taxes and the Consumer Price Index. All lease obligations are contingent upon the Board appropriating funds for each fiscal year’s payments. For fiscal year 2021, the County’s, Public Schools’, and EDA’s total expenditures for these operating leases were \$18.4 million, \$3.3 million, and \$0.5 million, respectively. At June 30, 2021, the minimum long-term lease commitments accounted for as operating leases are as follows:

Fiscal Year	Primary Government	Component Units	
	Governmental Activities	Public Schools	EDA
2022	\$ 16,392,746	6,204,729	800,462
2023	15,365,698	7,084,894	274,187
2024	12,558,429	6,179,356	-
2025	11,213,033	6,400,250	-
2026	5,296,729	6,709,251	-
2027-2031	6,717,309	7,034,993	-
2032-2036	335,722	-	-
2037-2041	254,915	-	-
2042-2046	310,143	-	-
Total	\$ 68,444,724	39,613,473	1,074,649

4. Intermunicipal Agreements

City of Alexandria, Virginia Renew Enterprises

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

The ARE facility is currently undergoing major improvements to meet new water quality standards. The Sewer System paid ARE \$19.7 million for purchased capacity in fiscal year 2021 to fund its share of the construction and land acquisition costs. The Sewer System estimates its share of the remaining construction costs to be \$103.0 million, of which \$20.3 million is expected to be incurred in fiscal year 2022 and the remaining balance over fiscal years 2023 to 2030. In addition, the Sewer System made payments of \$11.3 million to ARE during fiscal year 2021 for its share of ARE’s operating costs.

District of Columbia Water and Sewer Authority

The Sewer System is obligated under the 2012 Blue Plains Intermunicipal Agreement, between the County; the District of Columbia (District); District of Columbia Water and Sewer Authority (DC Water); Montgomery County, Maryland; Prince George’s County, Maryland; and the Washington Suburban Sanitary Commission, to share the construction and operating costs of the Blue Plains Wastewater Treatment Plant, which is operated by DC Water. Currently, the Sewer System has a capacity entitlement of 31 MGD, which is approximately 8.4 percent of the Plant’s total capacity of 370 MGD. DC Water has a Board of Directors comprised of six members from the District, two each from Montgomery and Prince George’s Counties, and one from the County. The County has no significant control over plant operations and construction and no ownership interest in the assets of DC Water.

The Blue Plains Plant is currently undergoing a major renovation of its nitrogen removal facilities along with the constructions of new wet weather flow facilities. The Sewer System paid DC Water \$10.6 million for purchased capacity during fiscal year 2021 to fund its share of construction costs. The Sewer System estimates its share of the remaining construction costs to be \$232.3 million, of which \$21.7 million is expected to be incurred in fiscal year 2022 and the remaining balance over fiscal years 2023 to 2030. In addition, the Sewer System made payments of \$15.3 million to DC Water during fiscal year 2021 for its share of the Blue Plains Plant’s operating costs.

Upper Occoquan Service Authority

As described in Note A, UOSA is a joint venture created under the provisions of the Virginia Water and Waste Authorities Act to be the single regional entity to finance, construct, and operate the regional sewage treatment facility for the upper portion of the Occoquan Watershed. Currently, the Sewer System has a capacity entitlement of 22.1 MGD, which is approximately 41 percent of this facility’s total capacity of 54.0 MGD. The governing body of UOSA is an eight member board of directors consisting of two members from each participating jurisdiction, appointed to four year terms.

UOSA’s current operating expenses, construction costs, and annual debt service payments are funded by each of the participating jurisdictions based on their allocated capacity, with certain modifications. The Sewer System made contractual service payments to UOSA of \$13.5 million in fiscal year 2021 to pay its share of UOSA’s operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2020 and 2019 (the most recent audited financial information available), is as follows:

	2020	2019
Total assets	\$ 579,854,777	541,889,848
Deferred outflows of resources	17,674,213	18,654,337
Total liabilities	(554,186,450)	(510,699,952)
Deferred inflows of resources	(2,274,841)	(2,993,994)
Net position	\$ 41,067,699	46,850,239
Operating revenues	\$ 30,622,512	30,236,345
Operating expenses	(59,493,683)	(57,835,443)
Nonoperating revenues, net	3,787,368	4,900,451
Capital contributions	19,301,263	18,696,500
Decrease in net position	\$ (5,782,540)	(4,002,147)
Total net position, beginning of year	46,850,239	50,852,386
Total net position, end of year	\$ 41,067,699	46,850,239

Arlington County, Virginia

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

The Arlington facility has recently completed a major upgrade to meet new water quality standards. The Sewer System paid Arlington \$0.3 million for purchased capacity in fiscal year 2021. The Sewer System estimates its share of the remaining construction costs to be \$15.6 million, of which \$1.6 million is expected to be incurred in fiscal year 2022 and the remaining balance over fiscal years 2023 to 2030. In addition, the Sewer System made payments of \$2.6 million for contractual services to Arlington during fiscal year 2021 for its share of Arlington’s operating costs.

Loudoun County, Virginia

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

The System did not pay any operating cost to Loudoun Water in fiscal year 2021. The System will incur operating costs once it starts to deliver flows to Loudoun Water’s facilities, which is not expected to start in fiscal year 2022.

5. Long-term Contracts

At June 30, 2021, the Primary Government had contractual commitments of \$169,960,117 in the capital projects funds and \$86,554,531 in the Sewer System for the construction of various sewer

projects. At June 30, 2021, the component units had contractual commitments of \$212,170,954 and \$8,196,664 in the capital projects funds of the Public Schools and the Park Authority, respectively, for the construction of various projects.

L. CONTINGENT LIABILITIES

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

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

M. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

In Fiscal Year 2022 the County implemented the following GASB Standards:

No. 84, Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

As a result of this change in accounting standard, a prior period adjustment was recorded to report fiduciary net position, as shown below for the County:

	Statement of Fiduciary Assets and Liabilities June 30, 2020	Prior Period Adjustment GASB 84 Implementation	Net increase in Fiduciary Net Position	Statement in Fiduciary Net Position July 30, 2021
Total Assets	\$ 2,698,664	1,628	482,543	\$ 3,182,835
Total Liabilities	2,698,664	(1,857,649)	400,607	1,241,622
	\$ -	1,859,277	81,936	\$ 1,941,213

FCPS previously reported the activity of the Student Activity Fund as a fiduciary fund. Beginning in fiscal year 2021, such activity has been more appropriately reported in the General Fund of the Component Unit. Due to the implementation of this Statement, a prior period adjustment of \$23.0 million was reported, resulting in a restated net position in FCPS’s Governmental Activities and the County’s Reporting Entity to (\$736.1) million and \$853.1 million, respectively.

No. 98, The Annual Comprehensive Financial Report

This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replaces instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

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

N. RESTATEMENT

Change in Reporting Entity - The FCRHA previously reported Morris Glen L.P. real estate partnership as a discretely presented component unit in which it was the general partner. The FCRHA now controls the entire partnership interest for this partnership and has therefore considered it to be a blended component unit in accordance with GAAP. The partnership has a December 31 year-end, therefore amounts included for the entity are as of and for the calendar year-end that falls within FCRHA's fiscal year ended June 30, 2020. Beginning net position has been restated to adjust net position by the deficit of \$1,099,894 for this partnership.

2020 FCRHA net position, as previously reported	\$ 159,328,967
Restatement - change in reporting entity	(1,099,894)
Restatement - correction of error	6,852,549
Elimination of FCRHA intercompany receivable	(681,381)
Elimination of FCRHA intercompany payable	<u>681,381</u>
2020 FCRHA net position - as restated	<u>\$ 165,081,622</u>
2020 Component Units net position, as previously reported	\$ (3,351,893)
Restatement - change in reporting entit	<u>1,099,894</u>
2020 Component Units net position - as restated	<u>\$ (2,251,999)</u>

Correction of an Error - The FCRHA restated beginning net position by \$6,852,549 for the blended component units to correct the basis of accounting treatment of forgivable loans.



Required

Supplementary Information

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

COUNTY OF FAIRFAX, VIRGINIA
Budgetary Comparison Schedule - General Fund (Budget Basis)
For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,919,200,759	3,956,920,894	3,987,017,016	30,096,122
Permits, privilege fees, and regulatory licenses	49,642,908	50,227,871	57,076,113	6,848,242
Intergovernmental	352,948,719	463,482,704	465,276,053	1,793,349
Charges for services	83,119,246	32,818,852	33,695,016	876,164
Fines and forfeitures	11,795,664	5,354,518	5,477,214	122,696
Revenue from the use of money and property	24,257,799	24,257,799	24,776,135	518,336
Recovered costs	16,234,444	14,441,507	18,312,163	3,870,656
Total revenues	4,457,199,539	4,547,504,145	4,591,629,710	44,125,565
EXPENDITURES				
General government administration	124,977,518	131,636,528	123,596,105	8,040,423
Judicial administration	42,550,728	44,393,223	41,126,669	3,266,554
Public safety	535,709,328	548,272,058	522,006,631	26,265,427
Public works	79,689,075	84,167,910	76,537,605	7,630,305
Health and welfare	302,024,376	303,394,049	253,037,903	50,356,146
Community development	74,527,304	80,775,907	73,989,714	6,786,193
Parks, recreation, and cultural	57,746,666	58,621,543	54,573,647	4,047,896
Nondepartmental	411,405,158	667,944,856	510,442,827	157,502,029
Total expenditures	1,628,630,153	1,919,206,074	1,655,311,101	263,894,973
Excess of revenues over expenditures	2,828,569,386	2,628,298,071	2,936,318,609	308,020,538
OTHER FINANCING SOURCES (USES)				
Transfers in from other primary government funds	8,707,781	8,707,781	8,707,781	-
Transfers out to other primary government funds	(684,982,808)	(741,663,523)	(741,663,523)	-
Transfers out to component units	(2,158,308,206)	(2,163,249,143)	(2,163,249,143)	-
Total other financing (uses), net	(2,834,583,233)	(2,896,204,885)	(2,896,204,885)	-
Net change in fund balance	\$ (6,013,847)	(267,906,814)	40,113,724	308,020,538

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Changes in Net Pension Liability and Related Ratios - Employees' Retirement System
Last Ten Fiscal Years *
(Dollar amounts in thousands)

ACFR Reporting Year Measurement Date June 30 of prior year	2021	2020	2019
Total Pension Liability			
Service cost	\$ 103,313	99,759	96,662
Interest	415,149	400,860	385,505
Changes in benefit terms	-	-	603
Differences between expected and actual experience	(5,461)	29,355	41,363
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(343,616)	(329,517)	(300,641)
Net change in total pension liability	169,385	200,457	223,492
Total pension liability - beginning	5,791,681	5,591,224	5,367,732
Total pension liability - ending	\$ 5,961,066	5,791,681	5,591,224
Plan Fiduciary Net Position			
Contributions - employer	\$ 234,743	210,964	188,578
Contributions - member	40,327	37,916	36,358
Net investment income	111,442	243,546	269,418
Benefit payments, including refunds of member contributions	(343,616)	(329,517)	(300,641)
Administrative expense	(2,471)	(2,198)	(2,171)
Net change in plan fiduciary net position	40,425	160,711	191,542
Plan fiduciary net position - beginning	4,101,638	3,940,927	3,749,385
Plan fiduciary net position - ending	\$ 4,142,063	4,101,638	3,940,927
Net pension liability - ending	\$ 1,819,003	1,690,043	1,650,297
Plan fiduciary net position as a percentage of the total pension liability	69.49 %	70.82 %	70.48 %
Covered payroll	\$ 828,020	777,319	745,664
Net pension liability as a percentage of covered payroll	219.68 %	217.42 %	221.32 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

2018	2017	2016	2015	
				Total Pension Liability
93,128	85,499	84,154	84,075	Service cost
367,586	361,074	353,622	340,920	Interest
582	773	1,463	-	Changes in benefit terms
74,948	(104,260)	(8,617)	-	Differences between expected and actual experience
-	68,573	-	-	Changes of assumptions
(284,929)	(274,902)	(258,835)	(238,562)	Benefit payments, including refunds of member contributions
251,315	136,757	171,787	186,433	Net change in total pension liability
5,116,417	4,979,660	4,807,873	4,621,440	Total pension liability - beginning
5,367,732	5,116,417	4,979,660	4,807,873	Total pension liability - ending
				Plan Fiduciary Net Position
167,312	155,780	138,493	129,618	Contributions - employer
35,476	34,627	33,194	32,759	Contributions - member
243,496	(16,668)	16,342	490,196	Net investment income
(284,931)	(274,902)	(258,835)	(238,560)	Benefit payments, including refunds of member contributions
(2,050)	(2,112)	(1,897)	(1,885)	Administrative expense
159,303	(103,275)	(72,703)	412,128	Net change in plan fiduciary net position
3,590,082	3,693,357	3,766,060	3,353,932	Plan fiduciary net position - beginning
3,749,385	3,590,082	3,693,357	3,766,060	Plan fiduciary net position - ending
1,618,347	1,526,335	1,286,303	1,041,813	Net pension liability - ending
69.85 %	70.17 %	74.17 %	78.33 %	Plan fiduciary net position as a percentage of the total pension liability
730,618	708,415	686,289	671,597	Covered payroll
221.50 %	215.46 %	187.43 %	155.12 %	Net pension liability as a percentage of covered payroll

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers Retirement System
Last Ten Fiscal Years *
(Dollar amounts in thousands)

ACFR Reporting Year Measurement Date June 30 of prior year	2021	2020	2019
Total Pension Liability			
Service cost	\$ 32,944	31,993	30,744
Interest	128,461	123,663	118,405
Differences between expected and actual experience	(5,785)	(7,959)	1,315
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(84,449)	(80,576)	(77,838)
Net change in total pension liability	71,171	67,121	72,626
Total pension liability - beginning	1,780,416	1,713,295	1,640,669
Total pension liability - ending	\$ 1,851,587	1,780,416	1,713,295
Plan Fiduciary Net Position			
Contributions - employer	\$ 50,781	47,183	44,505
Contributions - member	10,570	10,177	9,896
Net investment income	(59,355)	71,578	94,135
Benefit payments, including refunds of member contributions	(84,449)	(80,576)	(77,838)
Administrative expense	(656)	(611)	(619)
Net change in plan fiduciary net position	(83,109)	47,751	70,079
Plan fiduciary net position - beginning	1,483,674	1,435,923	1,365,844
Plan fiduciary net position - ending	\$ 1,400,565	1,483,674	1,435,923
Net pension liability - ending	\$ 451,022	296,742	277,372
Plan fiduciary net position as a percentage of the total pension liability	75.64 %	83.33 %	83.81 %
Covered payroll	\$ 122,071	117,663	114,173
Net pension liability as a percentage of covered payroll	369.48 %	252.20 %	242.94 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

2018	2017	2016	2015	
				Total Pension Liability
29,052	30,913	30,390	30,859	Service cost
112,638	110,362	106,740	102,492	Interest
11,638	(30,821)	(11,516)	-	Differences between expected and actual experience
-	9,895	-	-	Changes of assumptions
(73,175)	(70,750)	(67,757)	(62,288)	Benefit payments, including refunds of member contributions
80,153	49,599	57,857	71,063	Net change in total pension liability
<u>1,560,516</u>	<u>1,510,917</u>	<u>1,453,060</u>	<u>1,381,997</u>	Total pension liability - beginning
<u>1,640,669</u>	<u>1,560,516</u>	<u>1,510,917</u>	<u>1,453,060</u>	Total pension liability - ending
				Plan Fiduciary Net Position
43,381	40,647	37,867	34,179	Contributions - employer
9,632	9,324	8,890	10,091	Contributions - member
116,099	10,764	41,601	176,684	Net investment income
(73,176)	(70,750)	(67,757)	(62,288)	Benefit payments, including refunds of member contributions
(481)	(511)	(443)	(431)	Administrative expense
95,455	(10,526)	20,158	158,235	Net change in plan fiduciary net position
<u>1,270,389</u>	<u>1,280,915</u>	<u>1,260,757</u>	<u>1,102,522</u>	Plan fiduciary net position - beginning
<u>1,365,844</u>	<u>1,270,389</u>	<u>1,280,915</u>	<u>1,260,757</u>	Plan fiduciary net position - ending
<u>274,825</u>	<u>290,127</u>	<u>230,002</u>	<u>192,303</u>	Net pension liability - ending
83.25 %	81.41 %	84.78 %	86.77 %	Plan fiduciary net position as a percentage of the total pension liability
111,291	107,022	102,844	100,912	Covered payroll
246.94 %	271.09 %	223.64 %	190.57 %	Net pension liability as a percentage of covered payroll

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios - Uniformed Retirement System

Last Ten Fiscal Years *

(Dollar amounts in thousands)

ACFR Reporting Year Measurement Date June 30 of prior year	2021	2020	2019
Total Pension Liability			
Service cost	\$ 43,435	43,537	42,115
Interest	159,360	153,521	147,114
Changes in benefit terms	-	-	956
Differences between expected and actual experience	(6,625)	(7,935)	(1,128)
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(111,543)	(105,543)	(96,896)
Net change in total pension liability	84,627	83,580	92,161
Total pension liability - beginning	2,209,430	2,125,850	2,033,689
Total pension liability - ending	\$ 2,294,057	2,209,430	2,125,850
Plan Fiduciary Net Position			
Contributions - employer	\$ 69,931	69,246	67,895
Contributions - member	12,810	12,605	12,262
Net investment income	(22,161)	78,142	131,997
Benefit payments, including refunds of member contributions	(111,543)	(105,543)	(96,896)
Administrative expense	(667)	(620)	(618)
Net change in plan fiduciary net position	(51,630)	53,830	114,640
Plan fiduciary net position - beginning	1,813,733	1,759,903	1,645,263
Plan fiduciary net position - ending	\$ 1,762,103	1,813,733	1,759,903
Net pension liability - ending	\$ 531,954	395,697	365,947
Plan fiduciary net position as a percentage of the total pension liability	76.81 %	82.09 %	82.79 %
Covered payroll	\$ 180,049	178,285	174,808
Net pension liability as a percentage of covered payroll	295.45 %	221.95 %	209.34 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

2018	2017	2016	2015	
				Total Pension Liability
39,668	43,408	41,721	39,648	Service cost
140,286	136,679	132,951	125,660	Interest
839	806	1,702	-	Changes in benefit terms
6,048	(54,054)	11,019	-	Differences between expected and actual experience
-	20,479	-	-	Changes of assumptions
(93,609)	(90,536)	(84,849)	(78,918)	Benefit payments, including refunds of member contributions
93,232	56,782	102,544	86,390	Net change in total pension liability
<u>1,940,457</u>	<u>1,883,675</u>	<u>1,781,131</u>	<u>1,694,741</u>	Total pension liability - beginning
<u>2,033,689</u>	<u>1,940,457</u>	<u>1,883,675</u>	<u>1,781,131</u>	Total pension liability - ending
				Plan Fiduciary Net Position
67,410	65,548	60,928	56,095	Contributions - employer
12,223	12,020	11,473	10,906	Contributions - member
161,014	(13,447)	21,800	210,256	Net investment income
(93,609)	(90,536)	(84,849)	(78,917)	Benefit payments, including refunds of member contributions
(477)	(500)	(455)	(434)	Administrative expense
146,561	(26,915)	8,897	197,906	Net change in plan fiduciary net position
<u>1,498,702</u>	<u>1,525,617</u>	<u>1,516,720</u>	<u>1,318,814</u>	Plan fiduciary net position - beginning
<u>1,645,263</u>	<u>1,498,702</u>	<u>1,525,617</u>	<u>1,516,720</u>	Plan fiduciary net position - ending
<u>388,426</u>	<u>441,755</u>	<u>358,058</u>	<u>264,411</u>	Net pension liability - ending
80.90 %	77.23 %	80.99 %	85.15 %	Plan fiduciary net position as a percentage of the total pension liability
173,604	168,808	160,762	153,979	Covered payroll
223.74 %	261.69 %	222.73 %	171.72 %	Net pension liability as a percentage of covered payroll

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Changes in Net Pension Liability and Related Ratios - Educational Employees Supplementary Retirement System
Last Ten Fiscal Years *
(Dollar amounts in thousands)

ACFR Reporting Year Measurement Date June 30 of prior year	2021	2020	2019
Total Pension Liability			
Service cost	\$ 92,719	90,633	88,599
Interest	243,579	231,477	221,107
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(12,696)	27,727	12,141
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(185,986)	(181,932)	(177,720)
Net change in total pension liability	137,616	167,905	144,127
Total pension liability - beginning	3,406,341	3,238,436	3,094,309
Total pension liability - ending	\$ 3,543,957	3,406,341	3,238,436
Plan Fiduciary Net Position			
Contributions - employer	\$ 104,741	96,983	91,705
Contributions - member	49,096	46,645	44,169
Net investment income	108,472	117,728	188,145
Benefit payments, including refunds of member contributions	(185,986)	(181,932)	(177,720)
Administrative expense	(4,381)	(4,262)	(4,300)
Net change in plan fiduciary net position	71,942	75,162	141,999
Plan fiduciary net position - beginning	2,521,442	2,446,280	2,304,281
Plan fiduciary net position - ending	\$ 2,593,384	2,521,442	2,446,280
Net pension liability - ending	\$ 950,573	884,899	792,156
Plan fiduciary net position as a percentage of the total pension liability	73.18 %	74.02 %	75.54 %
Covered payroll	\$ 1,626,417	1,549,248	1,469,629
Net pension liability as a percentage of covered payroll	58.45 %	57.12 %	53.90 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

2018	2017	2016	2015	
				Total Pension Liability
78,926	77,761	77,494	75,788	Service cost
209,516	205,720	198,939	192,724	Interest
(1,039)	-	-	-	Changes in benefit terms
19,857	(11,012)	(17,051)	(19,052)	Differences between expected and actual experience
23,334	45,752	-	-	Changes of assumptions
(173,386)	(170,348)	(167,843)	(167,050)	Benefit payments, including refunds of member contributions
157,208	147,873	91,539	82,410	Net change in total pension liability
<u>2,937,101</u>	<u>2,789,228</u>	<u>2,697,689</u>	<u>2,615,279</u>	Total pension liability - beginning
<u>3,094,309</u>	<u>2,937,101</u>	<u>2,789,228</u>	<u>2,697,689</u>	Total pension liability - ending
				Plan Fiduciary Net Position
80,094	76,600	74,324	74,174	Contributions - employer
43,063	41,384	39,983	40,018	Contributions - member
250,982	(15,767)	32,085	304,641	Net investment income
(173,386)	(170,348)	(167,843)	(167,050)	Benefit payments, including refunds of member contributions
(4,060)	(4,005)	(3,752)	(3,629)	Administrative expense
196,693	(72,136)	(25,203)	248,154	Net change in plan fiduciary net position
<u>2,107,588</u>	<u>2,179,724</u>	<u>2,204,927</u>	<u>1,956,773</u>	Plan fiduciary net position - beginning
<u>2,304,281</u>	<u>2,107,588</u>	<u>2,179,724</u>	<u>2,204,927</u>	Plan fiduciary net position - ending
<u>790,028</u>	<u>829,513</u>	<u>609,504</u>	<u>492,762</u>	Net pension liability - ending
74.47 %	71.76 %	78.15 %	81.73 %	Plan fiduciary net position as a percentage of the total pension liability
1,430,260	1,374,735	1,366,030	1,324,537	Covered payroll
55.24 %	60.34 %	44.62 %	37.20 %	Net pension liability as a percentage of covered payroll

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Net Pension Liability-Single Employer Plans
Last Ten Fiscal Years *
(Dollar amounts in thousands)

ACFR Reporting Year Measurement Date June 30 of prior year	2021	2020	2019
Employees' Retirement System:			
Total pension liability	\$ 5,961,066	5,791,681	5,591,224
Pension plan's fiduciary net position	4,142,063	4,101,638	3,940,927
Net pension liability	\$ 1,819,003	1,690,043	1,650,297
Plan fiduciary net position as a percentage of the total pension liability	69.49 %	70.82 %	70.48 %
Covered payroll	\$ 828,020	777,319	745,664
Net pension liability as a percentage of covered payroll	219.68 %	217.42 %	221.32 %
Police Officers Retirement System:			
Total pension liability	\$ 1,851,587	1,780,416	1,713,295
Pension plan's fiduciary net position	1,400,565	1,483,674	1,435,923
Net pension liability	\$ 451,022	296,742	277,372
Plan fiduciary net position as a percentage of the total pension liability	75.64 %	83.33 %	83.81 %
Covered payroll	\$ 122,071	117,663	114,173
Net pension liability as a percentage of covered payroll	369.48 %	252.20 %	242.94 %
Uniformed Retirement System:			
Total pension liability	\$ 2,294,057	2,209,430	2,125,850
Pension plan's fiduciary net position	1,762,103	1,813,733	1,759,903
Net pension liability	\$ 531,954	395,697	365,947
Plan fiduciary net position as a percentage of the total pension liability	76.81 %	82.09 %	82.79 %
Covered payroll	\$ 180,049	178,285	174,808
Net pension liability as a percentage of covered payroll	295.45 %	221.95 %	209.34 %
Educational Employees' Supplementary Retirement System			
Total pension liability	\$ 3,543,957	3,406,341	3,238,436
Pension plan's fiduciary net position	2,593,384	2,521,442	2,446,280
Net pension liability	\$ 950,573	884,899	792,156
Plan fiduciary net position as a percentage of the total pension liability	73.18 %	74.02 %	75.54 %
Covered payroll	\$ 1,626,417	1,549,248	1,469,629
Net pension liability as a percentage of covered payroll	58.45 %	57.12 %	53.90 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

2018	2017	2016	2015	
5,367,732	5,116,416	4,979,660	4,807,874	Employees' Retirement System:
3,749,385	3,590,081	3,693,357	3,766,060	Total pension liability
1,618,347	1,526,335	1,286,303	1,041,814	Pension plan's fiduciary net position
				Net pension liability
69.85 %	70.17 %	74.17 %	78.33 %	Plan fiduciary net position as a percentage of the total pension liability
730,618	708,415	686,289	671,597	Covered payroll
221.50 %	215.46 %	187.43 %	155.12 %	Net pension liability as a percentage of covered payroll
1,640,669	1,560,516	1,510,917	1,453,060	Police Officers Retirement System:
1,365,844	1,270,389	1,280,915	1,260,757	Total pension liability
274,825	290,127	230,002	192,303	Pension plan's fiduciary net position
				Net pension liability
83.25 %	81.41 %	84.78 %	86.77 %	Plan fiduciary net position as a percentage of the total pension liability
111,291	107,022	102,844	100,912	Covered payroll
246.94 %	271.09 %	223.64 %	190.57 %	Net pension liability as a percentage of covered payroll
2,033,689	1,940,457	1,883,675	1,781,131	Uniformed Retirement System:
1,645,263	1,498,702	1,525,617	1,516,720	Total pension liability
388,426	441,755	358,058	264,411	Pension plan's fiduciary net position
				Net pension liability
80.90 %	77.23 %	80.99 %	85.15 %	Plan fiduciary net position as a percentage of the total pension liability
173,604	168,808	160,762	153,979	Covered payroll
223.74 %	261.69 %	222.73 %	171.72 %	Net pension liability as a percentage of covered payroll
3,094,309	2,937,101	2,789,228	2,697,689	Educational Employees' Supplementary Retirement System
2,304,281	2,107,588	2,179,724	2,204,927	Total pension liability
790,028	829,513	609,504	492,762	Pension plan's fiduciary net position
				Net pension liability
74.47 %	71.76 %	78.15 %	81.73 %	Plan fiduciary net position as a percentage of the total pension liability
1,430,260	1,374,735	1,366,030	1,324,537	Covered payroll
55.24 %	60.34 %	44.62 %	37.20 %	Net pension liability as a percentage of covered payroll

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Employer Contributions-Single Employer Plans
Last Ten Fiscal Years
(Dollar amounts in thousands)

	2021	2020	2019	2018	2017
Employees' Retirement Systems:					
Actuarial Determined Contribution	\$ 227,846	234,744	210,964	188,578	167,312
Contributions in Relations to the Actuarial Determined Contribution	227,846	234,744	210,964	188,578	167,312
Contribution (Deficiency) Excess	\$ -	-	-	-	-
Covered Payroll	\$ 803,691	828,021	777,319	745,664	730,618
Contributions as a Percentage of Covered Payroll	28.35%	28.35%	27.14%	25.29%	22.90%
Police Officers Retirement System:					
Actuarial Determined Contribution	\$ 50,348	50,781	47,183	44,505	43,381
Contributions in Relations to the Actuarial Determined Contribution	50,348	50,781	47,183	44,505	43,381
Contribution (Deficiency) Excess	\$ -	-	-	-	-
Covered Payroll	\$ 121,029	122,071	117,663	114,173	111,291
Contributions as a Percentage of Covered Payroll	41.60%	41.60%	40.10%	38.98%	38.98%
Uniformed Retirement System:					
Actuarial Determined Contribution	\$ 69,464	69,931	69,246	67,895	67,410
Contributions in Relations to the Actuarial Determined Contribution	69,464	69,931	69,246	67,895	67,410
Contribution (Deficiency) Excess	\$ -	-	-	-	-
Covered Payroll	\$ 178,847	180,049	178,285	174,853	173,604
Contributions as a Percentage of Covered Payroll	38.84%	38.84%	38.84%	38.83%	38.83%
Educational Employees' Supplementary Retirement System:					
Actuarial Determined Contribution	\$ 104,784	104,741	96,983	93,543	80,305
Contributions in Relations to the Actuarial Determined Contribution	104,784	104,741	96,983	91,705	80,146
Contribution (Deficiency) Excess	\$ -	-	-	(1,838)	(159)
Covered Payroll	\$ 1,627,086	1,626,417	1,549,248	1,469,629	1,430,260
Contributions as a Percentage of Covered Payroll	6.44%	6.44%	6.26%	6.24%	5.60%

See accompanying notes to required supplementary information.

2016	2015	2014	2013	2012	
155,780	138,493	129,618	127,448	114,683	Employees' Retirement Systems: Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution Contribution (Deficiency) Excess
155,780	138,493	129,618	127,448	114,683	
-	-	-	-	-	
708,415	686,289	671,597	669,018	666,759	Covered Payroll
21.99%	20.18%	19.30%	19.05%	17.20%	Contributions as a Percentage of Covered Payroll
40,647	37,867	34,179	34,011	31,701	Police Officers Retirement System: Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution Contribution (Deficiency) Excess
40,647	37,867	34,179	34,011	31,701	
-	-	-	-	-	
107,022	102,844	100,912	102,598	101,280	Covered Payroll
37.98%	36.82%	33.87%	33.15%	31.30%	Contributions as a Percentage of Covered Payroll
65,548	60,929	56,095	53,722	50,351	Uniformed Retirement System: Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution Contribution (Deficiency) Excess
65,548	60,929	56,095	53,722	50,351	
-	-	-	-	-	
168,808	160,762	153,979	153,492	148,924	Covered Payroll
38.83%	37.90%	36.43%	35.00%	33.81%	Contributions as a Percentage of Covered Payroll
76,070	74,791	72,749	68,242	50,739	Educational Employees' Supplementary Retirement System: Actuarial Determined Contribution Contributions in Relations to the Actuarial Determined Contribution Contribution (Deficiency) Excess
76,600	74,324	74,174	67,735	52,934	
530	(467)	1,425	(507)	2,195	
1,374,735	1,328,420	1,324,537	1,268,439	1,219,683	
5.57%	5.59%	5.60%	5.34%	4.34%	Covered Payroll
					Contributions as a Percentage of Covered Payroll

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Proportionate Share of Net Pension Liability in VRS Pension Plan
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	Proportion of the net pension liability	Proportion share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of its covered payroll	Contributions as a Percentage of Covered Payroll
2021	18.51%	\$ 2,693,016	\$ 1,626,469	165.57%	71.47%
2020	18.47%	2,430,715	1,549,185	156.90%	73.51%
2019	18.19%	2,139,027	1,470,716	145.44%	74.81%
2018	18.16%	2,232,727	1,432,051	155.91%	72.92%
2017	17.95%	2,515,447	1,368,572	183.80%	68.28%
2016	17.89%	2,251,917	1,330,241	169.29%	70.88%
2015	18.15%	2,193,660	1,327,488	165.25%	70.88%

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

The amounts presented for each fiscal year were determined as of June 30th, year shown is fiscal year of presentation. See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Contributions-VRS Pension Plan
Last Ten Fiscal Years*
(Dollar amounts in thousands)

	Actuarial Determined Contribution	Contributions in Relations to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 270,303	270,303	-	1,626,372	16.62 %
2020	255,030	255,030	-	1,626,469	15.68
2019	242,912	242,912	-	1,549,185	15.68
2018	240,021	240,021	-	1,470,716	16.32
2017	233,711	209,939	23,772	1,432,051	14.66
2016	192,421	192,421	-	1,368,572	14.06
2015	192,885	192,885	-	1,330,245	14.50

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

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Changes in the Net OPEB Liability and Related Ratios*
Last Ten Fiscal Years **
(Dollar amounts in thousands)

	Fiscal Year Ending June 30				
	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 11,679	15,608	13,994	9,987	7,582
Interest	24,392	33,195	28,235	22,517	23,024
Changes of Benefit Terms	-	-	-	(387)	-
Differences Between Expected and Actual Experiences	21,576	(1,518)	17,956	(10,412)	3,389
Changes of Assumptions	(791)	(145,858)	32,078	78,188	(22,671)
Benefit Payments	(23,252)	(23,254)	(22,798)	(21,670)	(20,278)
Net Change in Total OPEB Liability	33,604	(121,827)	69,465	78,223	(8,954)
Total OPEB Liability (Beginning)	348,206	470,033	400,568	322,345	331,299
Total OPEB Liability (Ending)	\$ 381,810	348,206	470,033	400,568	322,345
Plan Fiduciary Net Position					
Contributions—Employer	\$ 18,072	19,677	25,659	24,367	27,992
Net Investment Income	98,443	9,633	13,837	26,160	30,711
Benefit Payments	(23,252)	(23,254)	(22,827)	(21,670)	(20,278)
Administrative Expense	(131)	(131)	(127)	(123)	(118)
Net Change in Plan Fiduciary Net Position	93,132	5,925	16,542	28,734	38,307
Plan Fiduciary Net Position (Beginning)	330,765	324,840	308,298	279,564	241,257
Plan Fiduciary Net Position (Ending)	423,897	330,765	324,840	308,298	279,564
Net OPEB Liability (Ending)	\$ (42,087)	17,441	145,193	92,270	42,781
Net Position as a Percentage of the Total OPEB Liability	111.02%	94.99%	69.11%	76.96%	86.73%
Covered-Employee Payroll	\$ 1,027,104	961,557	932,764	911,923	908,162
Net OPEB Liability as a Percentage of Covered-Employee Payroll	(4.10)%	1.81%	15.57%	10.11%	4.71%

* Dates Presented are based on the Plan reporting year. One year prior represents the perspective of the reporting entity, therefore 11 years will be presented.

** The schedule is intended to show information for 10 year. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Contributions-OPEB
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	Actuarially Determined Contribution	Contributions Made in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	\$ 18,864	18,072	792	1,027,104	1.76%
2020	16,220	19,677	(3,457)	961,557	2.05%
2019	22,827	25,659	(2,832)	932,764	2.75%
2018	21,670	24,367	(2,697)	911,923	2.67%
2017	20,278	27,992	(7,714)	908,162	3.08%

* The schedule is intended to show information for 10 years. Fiscal year 2017 is the first year implemented, additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Investment Returns-OPEB
Last Ten Fiscal Years*

	Annual money-weighted rate of return, net of investment expense
2021	30.61%
2020	2.55%
2019	4.57%
2018	9.55%
2017	12.85%

* The schedule is intended to show information for 10 years. Fiscal year 2017 is first year implemented, additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Changes in the Net OPEB Liability and Related Ratios - Public Schools OPEB Plan
Last Ten Fiscal Years **
(Dollar amounts in thousands)

ACFR Reporting Year Measurement Date June 30 of prior year	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 3,878	5,046	5,221	8,320	N/A
Interest	15,321	12,378	17,157	29,187	N/A
Changes of benefit terms	-	-	(39,067)	-	N/A
Differences between expected and actual experience	(6,731)	58,670	(24,768)	33,884	N/A
Changes of assumptions	(999)	(15,662)	-	(170,068)	N/A
Benefit payments, including refunds of member contributions	(10,349)	(23,875)	(29,287)	(54,806)	N/A
Net change in total OPEB liability	1,120	36,557	(70,744)	(153,483)	N/A
Total OPEB liability - beginning	220,083	183,526	254,270	407,753	N/A
Total OPEB liability - ending	\$ 221,203	220,083	183,526	254,270	407,753
Plan Fiduciary Net Position					
Contributions - employer	\$ 15,349	28,875	34,287	59,806	22,404
Net investment income	47,507	4,561	6,423	11,565	13,289
Benefit payments, including refunds of member contributions	(10,349)	(23,875)	(29,287)	(54,806)	(17,404)
Administrative expense	(101)	(101)	(89)	(87)	(84)
Net change in plan fiduciary net position	52,406	9,460	11,334	16,478	18,205
Plan fiduciary net position - beginning	155,969	146,509	135,175	118,697	100,492
Plan fiduciary net position - ending	\$ 208,375	155,969	146,509	135,175	118,697
Net OPEB liability - ending	\$ 12,828	64,114	37,017	119,095	289,056
Plan fiduciary net position as a percentage of the total OPEB liability	94.20 %	70.87 %	79.83 %	53.16 %	29.11 %
Covered employee payroll	\$ 1,750,085	1,699,112	1,393,959	1,340,335	1,256,877
Net OPEB liability as a percentage of covered employee payroll	0.73 %	3.77 %	2.66 %	8.89 %	23.00 %

* See accompanying notes to required supplementary information. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Public Schools' Proportionate Share of Net OPEB Liability
VRS HIC OPEB Plan
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	Proportion of the net OPEB liability	Proportionate share of the net OPEB liability	Covered employee payroll	Proportionate share of the net OPEB liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	18.55%	\$ 242,022	\$ 1,626,466	14.88%	9.95%
2020	18.47%	241,787	1,549,185	15.61%	8.97%
2019	18.18%	230,889	1,470,712	15.70%	8.08%
2018	18.15%	230,217	1,432,191	16.07%	7.04%

* The schedule is intended to show information for 10 years. Fiscal year 2018 is the first year implemented, additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Public Schools' Proportionate Share of Net OPEB Liability
VRS GLI OPEB Plan
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	Proportion of the net OPEB liability	Proportionate share of the net OPEB liability	Covered employee payroll	Proportionate share of the net OPEB liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	7.95%	\$ 132,610	\$ 1,635,371	8.11%	52.64%
2020	7.96%	129,575	1,560,950	8.30%	52.00%
2019	7.79%	118,262	1,480,801	7.99%	51.22%
2018	7.80%	117,380	1,438,996	8.16%	48.86%

* The schedule is intended to show information for 10 years. Fiscal year 2018 is the first year implemented, additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Contributions-Public Schools OPEB Plan
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	Actuarial Determined Contribution	Contributions in Relations to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	\$ 10,349	\$ 15,349	\$ (5,000)	\$ 1,750,085	0.88%
2020	23,875	28,875	(5,000)	1,699,112	1.70%
2019	29,287	34,287	(5,000)	1,393,959	2.46%
2018	54,806	59,806	(5,000)	1,340,335	4.46%

* The schedule is intended to show information for 10 years. Fiscal year 2017 is the first year implemented, additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Contributions-Public Schools
VRS HIC OPEB Plan
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	Contractually Required contribution	Contributions in Relations to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	\$ 19,679	\$ 19,679	\$ -	\$ 1,626,394	1.2%
2020	19,518	19,518	-	1,626,466	1.2%
2019	18,590	18,590	-	1,549,185	1.2%
2018	18,090	18,090	-	1,470,712	1.2%
2017	17,616	15,897	1,719	1,432,191	1.1%
2016	16,152	14,510	1,642	1,368,852	1.1%
2015	15,700	14,103	1,597	1,330,497	1.1%
2014	15,535	14,738	797	1,327,753	1.1%
2013	14,937	14,171	766	1,276,659	1.1%
2012	13,247	7,359	5,888	1,226,575	0.6%

The amounts presented for each fiscal year were determined as of June 30th of the fiscal year shown. See accompanying notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Contributions-Public Schools
VRS GLI OPEB Plan
Last Ten Fiscal Years *
(Dollar amounts in thousands)

	Contractually Required contribution	Contributions in Relations to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	\$ 8,856	\$ 8,856	\$ -	\$ 1,639,978	0.5%
2020	8,504	8,504	-	1,635,371	0.5%
2019	8,117	8,117	-	1,560,950	0.5%
2018	7,700	7,700	-	1,480,801	0.5%
2017	7,483	7,483	-	1,438,996	0.5%
2016	7,286	6,599	687	1,374,776	0.5%
2015	7,073	6,405	668	1,334,442	0.5%
2014	7,062	6,396	666	1,332,479	0.5%
2013	6,790	6,149	641	1,281,054	0.5%
2012	5,443	3,463	1,980	1,236,933	0.3%

The amounts presented for each fiscal year were determined as of June 30th of the fiscal year shown. See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Investment Returns-Public Schools OPEB Plan
Last Ten Fiscal Years*

Annual money-weighted rate of return, net of investment expense	
2021	30.09%
2020	3.05%
2019	4.66%
2018	9.50%
2017	12.86%

* The schedule is intended to show information for 10 years. Fiscal year 2017 is the first year implemented, additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

COUNTY OF FAIRFAX, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

A. BUDGETARY DATA

The Board of Supervisors adheres to the following procedures in establishing the annual budgetary data reflected in the financial statements:

- a. By March 1, the County Executive submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. During April, public hearings are conducted to obtain taxpayer comments. By May 1, the budget is legally enacted through passage of an appropriation resolution.
- b. The operating budget includes all County appropriated funds and certain non-appropriated funds. The non-appropriated funds include certain funds of the Park Authority and the FCRHA that are not financed by the County.
- c. Budget reviews are held during the fiscal year. Public hearings are held if the recommended increase in the appropriated budget is greater than one percent of expenditures.
- d. The budget is controlled at certain legal and administrative levels. The *Code of Virginia* requires that the County annually adopt a balanced budget. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency (e.g., County organizations in the General Fund) or fund level and identifies administrative controls at the character (i.e., personnel services, operating expenses, recovered costs, and capital equipment) or project level. The County's Department of Management and Budget is authorized to transfer budgeted amounts between characters or projects within any agency or fund as a management function. Any revisions that alter the total expenditures of any agency or fund must be approved by the Board of Supervisors.
- e. Annual operating budgets are adopted for all appropriated governmental funds, except for the capital projects funds in which budgetary control is achieved on a project-by-project basis. The budgets are on a basis consistent with GAAP for the General Fund, except that:
 - Certain purchase order transactions that qualify as current expenditures under GAAP, are not recognized as expenditures in the current budget due to the timing of the receipt of goods or services.
 - Offsetting revenues and expenditures related to donated food are not budgeted.
 - Capital lease transactions when initiated are not budgeted as offsetting expenditures and other financing sources.
 - Certain capital outlays are budgeted as functional expenditures.
 - Payments from or to component units are budgeted as transfers rather than functional revenues and expenditures.
 - Inventories of supplies are not included in the fund balance for budget purposes.
 - Nondepartmental expenditures are reported for budgeting purposes, but are included in functional expenditures for reporting purposes.

REQUIRED SUPPLEMENTARY INFORMATION

- The Gift Fund, which is included in the County’s General Fund for reporting purposes, is treated as an custodial fund for budgeting purposes.
- The Information Technology Fund, Consolidated Community Funding Pool Fund, Contributory Fund, the Revenue Stabilization Fund, Northern Virginia Regional Identification System (NOVARIS), and the Economic Opportunity Reserve Fund which are included in the County’s General Fund for reporting purposes, are budgeted as separate funds.

The following schedule reconciles the amounts on the Budgetary Comparison Schedule – General Fund (Budget Basis) to the amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit A-3):

	Primary Government General Fund
Net change in fund balance (Budget basis)	\$ 40,113,724
Timing difference - Goods/Invoice Receipt	291,163
Basis difference	20
Basis difference - Appropriated reserve fund balance deferral	18,738,852
Perspective differences:	
The Gift Fund is treated as an custodial fund for budget purposes	(35,441)
The Northern Virginia Regional Identification System (NOVARIS) is treated as a separate fund for budget purposes	18,855
The Revenue Stabilization Fund is treated as a separate fund for budget purposes	4,652,101
The Economic Opportunity Reserve Fund is treated as separate fund for budget purposes	15,083,288
The Consolidated Community Funding Pool Fund is treated as a separate fund for budget purposes	(15,361)
The Contributory Fund is treated as a separate fund for budget purposes	6,253
The Information Technology Fund is treated as a separate fund for budget purposes	(2,125,515)
Net change in fund balance (GAAP basis)	<u>\$ 76,727,939</u>

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

B. PENSION TREND DATA

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

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

benefits when due. Generally, the smaller the percentage is, the stronger the system.

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

Discount rate, net of plan investment expenses	7.25%
Inflation	2.75%
Salary increases, including inflation	2.75%
Investment rate of return, net of plan investment expenses	7.25%
Mortality	Healthy and Disabled Mortality Table RP-2014 projected using the RPEC-2015 model

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:

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

C. OTHER POSTEMPLOYMENT BENEFITS (OPEB) TREND DATA

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

Beginning in fiscal year 2017, information provided in relation to the GASB 74 requirements include information related to the total and net OPEB liability, information associated with the actuarially determined contribution, and investment returns. Significant methods and assumptions used to determine the contributions for net OPEB liability include:

Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Retirement age	Varies by age and pension plan
Mortality	Pub-2010, "General" classification, Employees & Healthy Annuitant mortality table, projected using scale MP-2019, sex-distinct. Disabled mortality table Pub-2010, "General" classification, Disabled Retirement mortality table, projected using scale MP-2019, sex distinct.
Healthcare cost trend rate	7.6% - 10.6%, decreasing to 4.3%

Disclosures associated with the County reporting of OPEB and OPEB Plan reporting are found in Note H to the financial statements.

BOOK-ENTRY ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each principal amount of Bonds of a Series and maturity bearing interest at a specified interest rate, each in the aggregate principal amount of such quantity of Bonds, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of the Bonds (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bond certificates representing their ownership interests in the Bonds, except in the event that use of the book entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may

not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the County, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

PROPOSED FORM OF LEGAL OPINION

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February 8, 2022

Board of Supervisors of Fairfax County, Virginia
Fairfax, Virginia

As bond counsel to Fairfax County, Virginia (the “County”), we have examined certified copies of the legal proceedings, including the election proceedings and other proofs submitted, relative to the issuance and sale of

\$272,650,000
Fairfax County, Virginia
Public Improvement Bonds, Series 2022A
(the “Bonds”)

The Bonds are dated the date of their delivery, mature in annual installments on October 1 in each of the years 2022 to 2041, inclusive, and bear interest, payable on the 1st days of April and October in each year, commencing October 1, 2022. The Bonds are subject to redemption prior to their respective maturities in the manner and upon the terms and conditions set forth in the resolution authorizing the issuance of the Bonds adopted by the Board of Supervisors of Fairfax County on December 7, 2021.

From such examination, we are of the opinion that:

(1) Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Constitution and laws of Virginia, and the Bonds constitute valid and binding general obligations of the County, for the payment of which the full faith and credit of the County are pledged, and all taxable property in the County is subject to the levy of an ad valorem tax, without limitation as to rate or amount, for the payment of the Bonds and the interest thereon, which tax shall be in addition to all other taxes authorized to be levied in the County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

(2) Except as provided in the following sentence, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes under current law. Interest on the Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds in the event of a failure by the County or the School Board of the County to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and their respective covenants regarding use, expenditure, and investment of the proceeds of the Bonds and the timely payment of certain investment earnings to the United States Treasury, and we render no opinion as to the effect on the exclusion from gross income of the interest on the Bonds for federal income tax purposes of any action taken or not taken without our approval or upon the advice or approval of counsel other than us.

(3) Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

The Code contains other provisions that could result in tax consequences, as to which we render no opinion, as a result of ownership of the Bonds or the inclusion in certain computations of interest that is excluded from gross income.

Respectfully submitted,

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CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by Fairfax County, Virginia (the “County”), in connection with the issuance by the County of \$272,650,000 aggregate principal amount of its Public Improvement Bonds, Series 2022A (the “Bonds”), pursuant to the provisions of a resolution (the “Resolution”) adopted on December 7, 2021, by the Board of Supervisors of the County. The proceeds of the Bonds are being used by the County to finance and refinance various public improvements in the County. The County hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County for the benefit of the holders of the Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The County acknowledges that it is undertaking primary responsibility for any reports, notices, or disclosures that may be required under this Disclosure Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Dissemination Agent” shall mean the County, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“Filing Date” shall have the meaning given to such term in Section 3(a) hereof.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the twelve month period at the end of which financial position and results of operations are determined. Currently, the County’s Fiscal Year begins July 1 and continues through June 30 of the next calendar year.

“Holder” or “holder” shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a Bond.

“Listed Events” shall mean any of the events listed in subsection (b)(5)(i)(C) of the Rule, which are as follows:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults; if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570-TEB) or other material notices or determinations with respect to or events affecting the tax status of the Bonds;
- (7) modifications to rights of holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the County;
- (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional paying agent or the change of name of a paying agent, if material;
- (15) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean any of the original underwriters of the County’s Bonds required to comply with the Rule in connection with the offering of such Bonds.

“Repository” shall mean The Electronic Municipal Market Access (“EMMA”) system administered by the MSRB. EMMA is recognized as a National Repository for purposes of the Rule.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other

proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the County in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County, and (b) the County intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section 2 to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

SECTION 3. Provision of Annual Reports.

A. The County shall, or shall cause the Dissemination Agent to, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the “Filing Date”) that is not later than March 31 after the end of any Fiscal Year (commencing with its Fiscal Year ending June 30, 2022). Not later than ten (10) days prior to the Filing Date, the County shall provide the Annual Report to the Dissemination Agent (if the County is not acting as Dissemination Agent at such time.) In such case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement, and (iii) shall include the County’s audited financial statements or, if audited financial statements are not available, such unaudited financial statements as may be required by the Rule. In any event, audited financial statements of the County must be submitted, if and when available, together with or separately from the Annual Report.

B. The annual financial statements of the County shall be prepared on the basis of generally accepted accounting principles and will be audited. Copies of the audited annual financial statements, which may be filed separately from the Annual Report, will be filed with the Repository when they become publicly available if such audited financial statements are not available at the time of the filing of the Annual Report.

C. If the County fails to provide an Annual Report to the Repository by the date required in subsection (A) above or to file its audited annual financial statements with the Repository when they become publicly available, the County shall, in a timely manner, send a notice to the Repository in substantially the form attached hereto as Exhibit B.

SECTION 4. Content of Annual Reports. Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, the following: (i) audited annual financial statements of the County, and (ii) updated operating data, as described in Exhibit A, all with a view toward assisting Participating Underwriters in complying with the Rule.

Any or all of such information may be incorporated by reference from other documents, including official statements of securities issues with respect to which the County is an “obligated person” (within the meaning of the Rule), which have been filed with the Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events. The County will provide within 10 business days to the Repository notice of any of the Listed Events.

SECTION 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the Bonds.

SECTION 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the County shall be the Dissemination Agent.

SECTION 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the County may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws, to the effect that such amendment is permitted or required by the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. Any person referred to in Section 11 (other than the County) may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to file its Annual Report or to give notice of a Listed Event. The holders of not less than a majority in aggregate principal amount of Bonds outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the County hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution or the Bond, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Participating Underwriters, and holders from time to time of the County's Bonds, and shall create no rights in any other person or entity.

Date: February 8, 2022

FAIRFAX COUNTY, VIRGINIA

By:

Christina C. Jackson
Chief Financial Officer

CONTENT OF ANNUAL REPORT

- (a) amended financial statements of the County;
- (b) **Financial Information.** Updated information concerning General Fund revenues, expenditures, categories of expenditures, fund balances, assessed value of taxable property, tax rates, major taxpayers, and tax levies and collections.
- (c) **Debt Information.** Updated information concerning general obligation bond indebtedness, including bonds authorized and unissued, bonds outstanding, the ratios of debt to the market value of taxable property, debt per capita, and debt service as a percentage of General Fund disbursements.
- (d) **Demographic Information.** Updated demographic information respecting the County such as its population, public school enrollment, and per pupil expenditures.
- (e) **Economic Information.** Updated economic information respecting the County such as income, employment, unemployment, building permits, and taxable sales data.
- (f) **Retirement Plans.** Updated information respecting pension and retirement plans for County employees, including a summary of membership, revenues, expenses, and actuarial valuation(s) of such plans.
- (g) **Contingent Liabilities.** A summary of material litigation and other material contingent liabilities pending against the County.

In general, the foregoing will include information as of the end of the most recent fiscal year or as of the most recent practicable date. Where information for the fiscal year just ended is provided, it may be preliminary and unaudited. Where information has historically been provided for more than a single period, comparable information will in general be provided for the same number of periods where valid and available. Where comparative demographic or economic information for the County and the United States as a whole is contemporaneously available and, in the judgment of the County, informative, such information may be included. Where, in the judgment of the County, an accompanying narrative is required to make data presented not misleading, such narrative will be provided.

**NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED ANNUAL FINANCIAL STATEMENTS]**

**Re: FAIRFAX COUNTY VIRGINIA
PUBLIC IMPROVEMENT BONDS,
SERIES 2022A**

CUSIP NOS.:

Dated: _____, 20__

NOTICE IS HEREBY GIVEN that Fairfax County, Virginia has not provided an Annual Report [Audited Annual Financial Statements] as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named bonds issued pursuant to that certain Resolution, adopted on December 7, 2021, by the Board of Supervisors of the County, the proceeds of which were used to finance and refinance various public improvements in the County. [The County anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by _____.]

Dated: _____

FAIRFAX COUNTY, VIRGINIA

By:

Title:

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