

NEW ISSUE
Book-Entry Only

RATINGS: Fitch..... “AA+”
(See “RATINGS” herein) S&P..... “AA+”

In the opinion of Bond Counsel, under current law and assuming compliance with certain tax covenants and requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Series 2024A Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes. Interest on the Series 2024B Bonds will be includable in the gross income of the owners thereof for federal income tax purposes. Under the Enabling Act (as defined herein), the income, including any profit made on the sale thereof, from the Series 2024 Bonds (as defined below) shall at all times be exempt from all taxation by the Commonwealth of Virginia or any political subdivision thereof. See “TAX MATTERS – SERIES 2024A BONDS” and “TAX MATTERS – SERIES 2024B BONDS” herein for further information.

\$26,920,000

**Fairfax County Economic Development Authority
Fairfax County Facilities Revenue Refunding Bonds,
Series 2024A
(Tysons Community Center Project)**

\$9,670,000

**Fairfax County Economic Development Authority
Fairfax County Facilities Revenue Refunding Bonds,
Series 2024B
(Tysons Community Center Project) (Federally Taxable)**

Dated: Date of Delivery

Due: As shown on inside cover pages

The Series 2024 Bonds are being issued under a Trust Agreement, dated as of November 1, 2023, between Fairfax County Economic Development Authority (the “Authority”) and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the “Trustee”), as supplemented by the First Supplemental Trust Agreement and the Second Supplemental Trust Agreement, each dated as of August 1, 2024, between the Authority and the Trustee (as so supplemented, the “Trust Agreement”).

The Series 2024 Bonds will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2024 Bonds. Individual purchases of Series 2024 Bonds will be made in book-entry form only in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their ownership interest in the Series 2024 Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2024 Bonds, payments of principal of and interest due on the Series 2024 Bonds will be made directly to DTC.

The Series 2024 Bonds are being issued to (i) provide funds (together with other amounts provided by the County, as defined below) to repay bonds previously issued by the Authority that provided short-term interim financing for costs of the acquisition, construction and improvement of certain property to be used by Fairfax County, Virginia (the “County”), as a public community center to be located at The Exchange at Spring Hill Station in Tysons, Virginia, and known as the Tysons Community Center (the “Project”), and (ii) pay costs associated with the issuance of the Series 2024 Bonds. See “THE PROJECT; REFINANCING PLAN” herein.

The Series 2024A Bonds are subject to optional redemption as described herein. The Series 2024B Bonds are subject to make-whole optional redemption as described herein. See “THE SERIES 2024 BONDS – Redemption Provisions” herein.

The Series 2024 Bonds are payable from installment payments to be made by the County under an Installment Purchase Contract, dated as of November 1, 2023, between the Authority and the County, as supplemented to reflect the issuance of the Series 2024 Bonds (as supplemented, the “Contract”), pursuant to which the Authority has sold to the County the Authority’s interest in the Project. The obligation of the County to make payments under the Installment Purchase Contract in each fiscal year of the County is valid and binding but subject to and contingent upon the annual appropriation of funds by the Board of Supervisors of Fairfax County for such purpose. The Series 2024 Bonds and any Additional Bonds or Refunding Bonds (each as defined herein) issued under the Trust Agreement will be secured on a parity by payments due under the Contract.

The Series 2024 Bonds are limited obligations of the Authority payable solely from the revenues pledged under the Trust Agreement. Neither the faith and credit of the Commonwealth of Virginia, nor of any political subdivision thereof (including the Authority and the County), are pledged to the payment of the principal of or the premium, if any, or interest on the Series 2024 Bonds. The Authority has no taxing power.

The Series 2024 Bonds are offered when, as and if issued and delivered and received by the Underwriters (as defined herein), subject to the approval of legality by Norton Rose Fulbright US LLP, Washington, D.C., Bond Counsel. Certain legal matters will be passed upon for the County by Elizabeth D. Teare, Esquire, County Attorney, for the Authority by McGuireWoods LLP, Tysons, Virginia, and for the Underwriters by Kutak Rock LLP, Richmond, Virginia. It is expected that the Series 2024 Bonds will be available for delivery through the DTC book-entry system on or about August 29, 2024.

J.P. MORGAN

LOOP CAPITAL MARKETS

RAYMOND JAMES

Dated: August 20, 2024

\$26,920,000
Fairfax County Economic Development Authority
Fairfax County Facilities Revenue Refunding Bonds,
Series 2024A
(Tysons Community Center Project)

Dated: Date of Delivery

Due: October 1, as shown below

MATURITY, AMOUNT, INTEREST RATE AND YIELD

Base CUSIP No.† 30382L

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Suffix</u> [†]
2032	\$945,000	5.00%	2.85%	GZ5
2033	1,620,000	5.00	2.88	HA9
2034	1,705,000	5.00	2.93 ⁽¹⁾	HB7
2035	1,790,000	5.00	2.99 ⁽¹⁾	HC5
2036	1,880,000	5.00	3.05 ⁽¹⁾	HD3
2037	1,980,000	5.00	3.11 ⁽¹⁾	HE1
2038	2,080,000	5.00	3.14 ⁽¹⁾	HF8
2039	2,185,000	5.00	3.22 ⁽¹⁾	HG6
2040	2,300,000	5.00	3.34 ⁽¹⁾	HH4
2041	2,415,000	5.00	3.43 ⁽¹⁾	HJ0
2042	2,540,000	5.00	3.50 ⁽¹⁾	HK7
2043	2,670,000	5.00	3.56 ⁽¹⁾	HL5
2044	2,810,000	5.00	3.62 ⁽¹⁾	HM3

⁽¹⁾ Yield to first optional redemption date of October 1, 2033.

† CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers listed above are provided solely for the convenience of Bondholders only, and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Series 2024A Bonds.

\$9,670,000
Fairfax County Economic Development Authority
Fairfax County Facilities Revenue Refunding Bonds,
Series 2024B
(Tysons Community Center Project) (Federally Taxable)

Dated: Date of Delivery

Due: October 1, as shown below

Base CUSIP No.[†] 30382L

MATURITY, AMOUNT, INTEREST RATE AND PRICE

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u> <u>Suffix[†]</u>
2025	\$1,130,000	4.62%	100%	HN1
2026	1,185,000	4.47	100	HP6
2027	1,240,000	4.32	100	HQ4
2028	1,290,000	4.28	100	HR2
2029	1,350,000	4.33	100	HS0
2030	1,410,000	4.37	100	HT8
2031	1,470,000	4.44	100	HU5
2032	595,000	4.55	100	HV3

[†] CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers listed above are provided solely for the convenience of Bondholders only, and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Series 2024B Bonds.

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**FAIRFAX COUNTY ECONOMIC
DEVELOPMENT AUTHORITY**

James Quigley, *Chairman and Acting Treasurer*
Rick Wagner, *Vice Chairman*
Ronald C. Johnson, *Secretary*
Pallabi Saboo, *Assistant Secretary*
Linnie Haynesworth
D. Jermaine Johnson
Catherine Lange
Roderick Mitchell
Steven Partridge

COUNSEL FOR AUTHORITY

McGuireWoods LLP
Tysons, Virginia

FAIRFAX COUNTY, VIRGINIA

BOARD OF SUPERVISORS

Jeffrey C. McKay, *Chairman*
Kathy L. Smith, *Vice Chairman*
Walter L. Alcorn
James N. Bierman, Jr.
Patrick S. Herrity
Andres F. Jimenez
Rodney L. Lusk
Dalia A. Palchik
Daniel G. Storck
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COUNTY OFFICIALS

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Thomas G. Arnold, *Deputy County Executive*
Ellicia L. Seard-McCormick, *Deputy County Executive*
Christopher A. Leonard, *Deputy County Executive*
Christina C. Jackson, *Chief Financial Officer*
Philip A. Hagen, *Director, Department of Management and Budget*
Christopher J. Pietsch, *Director, Department of Finance*

COUNTY ATTORNEY

Elizabeth D. Teare, Esquire

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Arlington, Virginia

BOND COUNSEL

Norton Rose Fulbright US LLP
Washington, D.C.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Series 2024 Bonds described herein, nor shall there be any offer or solicitation of such offer or sale of the Series 2024 Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Series 2024 Bonds implies that the information herein is correct as of any date subsequent to the date thereof.

The electronic distribution of this Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Series 2024 Bonds described herein to the residents of any particular jurisdiction and is not specifically directed to the residents of any particular jurisdiction. The Series 2024 Bonds will not be offered or sold in any jurisdiction unless and until they are either registered pursuant to the laws of such jurisdiction, or qualified pursuant to an appropriate exemption from registration in such jurisdiction.

NEITHER THE SERIES 2024 BONDS NOR THE TRUST AGREEMENT (AS SUCH TERMS ARE DEFINED HEREIN) HAVE BEEN REGISTERED OR QUALIFIED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 304(a)(4) OF THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2024 BONDS OR THE TRUST AGREEMENT IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE JURISDICTIONS IN WHICH THE SERIES 2024 BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER JURISDICTIONS, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE OF THE SERIES 2024 BONDS SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY OR THE COUNTY SINCE THE DATE HEREOF.

The information set forth herein has been obtained from sources believed to be reliable and is in a form deemed final by the Authority and the County for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

The Trustee has neither reviewed nor participated in the preparation of this Official Statement.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

Forward looking statements. Certain statements contained in this Official Statement that are not historical facts are forward looking statements, which are based on the Authority's or the County's beliefs, as well as assumptions made by, and information currently available to, them. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate," "assume," "estimate," "expect," "objective," "projection," "forecast," "goal," "budget," or similar words are intended to identify forward looking statements. The words "now," "to date," "currently" and the like are intended to mean as of the date of this Official Statement.

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OFFICIAL STATEMENT

\$26,920,000

**Fairfax County Economic Development Authority
Fairfax County Facilities Revenue Refunding Bonds, Series 2024A
(Tysons Community Center Project)**

and

\$9,670,000

**Fairfax County Economic Development Authority
Fairfax County Facilities Revenue Refunding Bonds, Series 2024B
(Tysons Community Center Project) (Federally Taxable)**

INTRODUCTION

The purpose of this Official Statement, including the cover pages and the Appendices hereto, is to set forth certain information regarding \$26,920,000 aggregate principal amount of Fairfax County Facilities Revenue Refunding Bonds, Series 2024A (Tysons Community Center Project) (the “Series 2024A Bonds”), and \$9,670,000 aggregate principal amount of Fairfax County Facilities Revenue Refunding Bonds, Series 2024B (Tysons Community Center Project) (Federally Taxable) (the “Series 2024B Bonds” and, together with the Series 2024A Bonds, the “Series 2024 Bonds”), to be issued by the Fairfax County Economic Development Authority (the “Authority” or “EDA”).

The Series 2024 Bonds are being issued pursuant to the Constitution and laws of the Commonwealth of Virginia, including Chapter 643 of the 1964 Acts of the General Assembly of the Commonwealth of Virginia, as amended, and other applicable law (collectively, the “Enabling Act”), and the provisions of a Trust Agreement, dated as of November 1, 2023, between the Authority and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the “Trustee”), as supplemented by the First Supplemental Trust Agreement and the Second Supplemental Trust Agreement, each dated as of August 1, 2024, between the Authority and the Trustee (as so supplemented, the “Trust Agreement”). The Series 2024 Bonds, together with any Additional Bonds and Refunding Bonds issued pursuant to the Trust Agreement, are collectively referred to herein as the “Bonds.” Capitalized, undefined terms used herein but not defined in the body of this Official Statement have the meanings set forth in Appendix C, “SUMMARY OF CERTAIN DOCUMENTS PROVISIONS – Definitions.”

The Series 2024 Bonds are being issued to (i) provide funds (together with other amounts provided by the County, as defined below) to repay the Fairfax County Facilities Revenue Bonds, Series 2023 (Tysons Community Center Project) (Federally Taxable) (the “Series 2023 Bonds”), previously issued by the Authority to provide short-term interim financing for costs of the acquisition, construction and improvement of certain property to be used by Fairfax County, Virginia (the “County”), as a public community center to be located at The Exchange at Spring Hill Station in Tysons, Virginia, and known as the Tysons Community Center (the “Project”), and (ii) pay costs associated with the issuance of the Series 2024 Bonds. See “THE PROJECT; REFINANCING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Simultaneously with the execution and delivery of the Series 2024 Bonds, the Authority and the County will enter into a supplement to the Installment Purchase Contract, dated as of November 1, 2023, with respect to the Project (as supplemented the “Contract”), that was executed in connection with the issuance of the Series 2023 Bonds. Under the Contract, the Authority agrees (i) to sell its interests in the

Project to the County in consideration of the County's (a) undertaking responsibility for the Project, and (b) agreement to pay a purchase price for the Project, and interest thereon, sufficient for the Authority to pay timely the debt service on the Series 2024 Bonds, and (ii) to make available to the County proceeds of the Series 2024 Bonds to pay the cost of acquiring, constructing, and improving the Project. See Appendix C, "SUMMARY OF CERTAIN DOCUMENTS PROVISIONS – The Installment Purchase Contract."

Under the Contract, the County has agreed to make "Basic Payments" in amounts sufficient to pay the principal of and interest on the Series 2024 Bonds. Under the Contract, the County has also agreed to make "Additional Payments" (together with Basic Payments, the "Payments") in amounts sufficient, among other purposes, to pay the Authority's expenses allocable to the Contract and for the Authority to pay timely the compensation and expenses of the Trustee. Under the Trust Agreement, the Authority has assigned its right to receive the Payments (except those Additional Payments required to pay certain Authority expenses) to the Trustee for the benefit of the owners of the Series 2024 Bonds. The obligation of the County to make Basic Payments and Additional Payments and any other payments required under the Contract in each fiscal year is a valid and binding obligation of the County but is subject to and contingent upon the annual appropriation of funds by the Board of Supervisors of the County (the "Board of Supervisors") for such purpose. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – Basic Payments and Additional Payments" and "CERTAIN INVESTMENT CONSIDERATIONS."

The Series 2024 Bonds were authorized by resolution of the Authority adopted on October 9, 2023, and a resolution of the Board of Supervisors adopted on October 10, 2023.

The Series 2024 Bonds are limited obligations of the Authority payable solely from the revenues pledged under the Trust Agreement. Neither the faith and credit of the Commonwealth of Virginia (the "State" or the "Commonwealth"), nor of any political subdivision thereof (including the Authority and the County), are pledged to the payment of the principal of or the premium, if any, or interest on the Series 2024 Bonds. The Authority has no taxing power.

Brief descriptions of the Authority, the County, the Project, the Series 2024 Bonds, the security for the Series 2024 Bonds, the Trust Agreement, the Contract, and related documents are included in this Official Statement. The descriptions of the documents included in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents.

The financial and operating data contained herein and in Appendices A and B are as of the dates and for the periods indicated, portions of 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 APPENDIX A, "FAIRFAX COUNTY INFORMATION – GOVERNMENT SERVICES – COVID-19 Matters."

THE AUTHORITY

The Authority was created in 1964 pursuant to the Enabling Act to foster and stimulate the development of industry within Fairfax County and is a political subdivision of the Commonwealth. It is governed by nine commissioners appointed by the Board of Supervisors. The Authority is empowered by the Enabling Act to, among other things, acquire, construct, own, lease and dispose of various types of facilities, including facilities for use by a county, a municipality, the Commonwealth and its agencies, or other governmental organization, and to finance and refinance the same by the issuance of its revenue bonds for such purposes. The power of the Authority to issue its revenue bonds for the purposes set forth in the Enabling Act was upheld by the Supreme Court of Virginia in *Fairfax County Industrial Development Authority v. Coyner*, 207 Va. 351, 120 S.E. 2d 817 (1966).

The members of the Board of Commissioners of the Authority (the “Board of Commissioners”) and the expiration dates of their respective terms in office are set forth below.

<u>Member</u>	<u>Term Expires</u>
James Quigley, Chairman and Acting Treasurer	July 1, 2027
Rick Wagner, Vice Chairman	July 1, 2024 [†]
Ronald C. Johnson, Secretary	July 1, 2026
Pallabi Saboo, Assistant Secretary	July 1, 2025
Linnie Haynesworth	July 1, 2025
D. Jermaine Johnson	July 1, 2025
Catherine Lange	July 1, 2025
Roderick Mitchell	July 1, 2026
Steven Partridge	July 1, 2027

[†] The Enabling Act provides that if at the end of any term of office of any member of the Board of Commissioners of the Authority a successor has not been appointed then the member whose term of offices has expired shall continue to hold office until a successor has been appointed and qualified.

Victor Hoskins serves as President and Chief Executive Officer of the Authority.

The Authority has acted as a conduit issuer of bonds other than the Series 2024 Bonds. Only Bonds outstanding under the Trust Agreement, including the Series 2024 Bonds, are payable from payments made under the Contract, as the Contract may be supplemented or amended in connection with the issuance of Additional Bonds or Refunding Bonds under the Trust Agreement, as described herein.

THE COUNTY

The County is located in the northeastern corner of Virginia and encompasses a net land area of 407 square miles. The County is part of the Washington, D.C. metropolitan area, which includes jurisdictions in Maryland, the District of Columbia and Northern Virginia.

The County’s government is organized as an Urban County Executive form of government (as defined under Virginia law). The governing body of the County is 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 supervisor districts, elected for four-year terms 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 the 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 the County, there are located three incorporated towns, Clifton, Herndon and Vienna, which are underlying units of government within the County, and ordinances and regulations of the County are, with certain limitations prescribed by state 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.

See Appendices A and B for further information regarding the County.

THE PROJECT; REFINANCING PLAN

The Authority issued the Series 2023 Bonds on November 30, 2023, to provide short-term interim financing for (i) the costs of the acquisition, construction and improvement of an approximately 30,000 square foot public community center to be located at The Exchange at Spring Hill Station development (formerly known as Dominion Square) in Tysons, Virginia, and to be known as the Tysons Community Center, and (ii) costs associated with the issuance of the Series 2023 Bonds. The Series 2023 Bonds mature on October 1, 2024.

The Series 2024 Bonds are being issued to (i) to provide funds (together with other amounts provided by the County) to repay the Series 2023 Bonds on their October 1, 2024, maturity date, and (ii) pay costs associated with the issuance of the Series 2024 Bonds.

Upon completion, the Tysons Community Center will be part of The Exchange at Spring Hill Station development, which will become the largest fully committed affordable housing community in Tysons, the County's largest urban center, with access to mass transit and employment opportunities. The community center is designed to allow a range of intergenerational programs, including art, health and wellness, and educational programs, to serve the diverse community of the entire County, and will not be limited to serving The Exchange at Spring Hill Station development. Once complete, the community center will be operated by the County's Department of Neighborhood and Community Services. Construction on the Project began in December 2023. As of August 2024, construction on the Project is approximately 7.3% percent complete with substantial completion anticipated by July 2027.

The Project and its revenues are not pledged as security for the County's obligations under the Contract or as security for the repayment of the Series 2024 Bonds.

Upon delivery and issuance of the Series 2024 Bonds by the Authority, a portion of the proceeds thereof (together with certain amounts provided by the County) will be used to provide for the payment at maturity of the Series 2023 Bonds by depositing with the U.S. Bank Trust Company, National Association (in such capacity, the "Escrow Agent"), pursuant to an escrow deposit agreement, cash and non-callable, direct obligations of the United States of America the maturing principal of and interest on which, together with such cash, will be sufficient to pay the maturing principal of and the accrued interest on the Series 2023 Bonds on October 1, 2024. The arithmetical computations of the sufficiency of the cash and securities deposited with the Escrow Agent to pay the principal of and interest on the Series 2023 Bonds will be verified by Robert Thomas CPA, LLC, Shawnee Mission, Kansas. See "VERIFICATION OF CERTAIN MATHEMATICAL COMPUTATIONS" herein.

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ESTIMATED SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of the proceeds of the Series 2024 Bonds:

Sources

Principal Amount of Series 2024A Bonds	\$26,920,000.00
Principal Amount of Series 2024B Bonds	9,670,000.00
Offering Premium on Series 2024A Bonds	3,653,687.75
County Deposit to Escrow for Series 2023 Bonds	1,932,295.84
Transfer from the Project Cost Construction Account	<u>1,429,675.23</u>
Total Sources	<u>\$43,605,658.82</u>

Uses

Escrow to Pay Series 2023 Bonds on their Maturity Date ¹	\$43,158,213.02
Costs of Issuance ²	<u>447,445.80</u>
Total Uses	<u>\$43,605,658.82</u>

¹ The escrow to pay the Series 2023 Bonds on their October 1, 2024, maturity date is expected to be funded on the Closing Date for the Series 2024 Bonds with (i) \$30,234,856.39 of the proceeds of the Series 2024A Bonds, (ii) \$9,561,385.56 of the proceeds of the Series 2024B Bonds, (iii) \$1,429,675.23 transferred from the Project Cost Construction Account established under the Trust Agreement, and (iv) \$1,932,295.84 provided by the County.

² Costs of issuance include underwriters' discount, rating agency fees and other costs of issuance.

THE SERIES 2024 BONDS

General

The Series 2024 Bonds will be dated their date of delivery and will bear interest at the rates and mature, in the amount and on the date set forth on the inside cover pages of this Official Statement. Interest on the Series 2024 Bonds will be payable on each April 1 and October 1, commencing April 1, 2025. The Series 2024 Bonds will be issuable as fully registered bonds in authorized denominations of \$5,000 and integral multiples thereof ("Authorized Denominations"). The Regular Record Date for the Series 2024 Bonds will be March 15 for interest due on April 1 and September 15 for interest due on October 1.

The Series 2024 Bonds will be issued in a book-entry only system of registration, and so long as The Depository Trust Company, New York, New York ("DTC"), or its nominee is the registered owner of the Series 2024 Bonds, payments of the principal of and interest on the Series 2024 Bonds will be payable directly to DTC. See "– Book-Entry Only System" below.

Redemption Provisions

Series 2024A Bonds

Optional Redemption. The Series 2024A Bonds that mature on or before October 1, 2033, are not subject to redemption before maturity. The Series 2024A Bonds that mature after October 1, 2033, may be redeemed, at the option of the Authority, as directed by the County, at any time on or after October 1, 2033, as a whole or in part (in integral multiples of \$5,000), upon payment of the redemption price of the principal amount thereof plus accrued interest to the redemption date.

Series 2024B Bonds

Make-Whole Optional Redemption. The Series 2024B Bonds are subject to redemption prior to maturity at the option of the Authority, in whole or in part, on any Business Day (as defined herein), at the Make-Whole Redemption Price. The “Make-Whole Redemption Price” is the greater of (i) 100% of the principal amount of the Series 2024B Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2024B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2024B Bonds are to be redeemed, discounted to the date on which the Series 2024B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below) plus 0.10% in the case of the Series 2024B Bonds maturing on or before October 1, 2030, and 0.15% in the case of the Series 2024B Bonds maturing on October 1, 2031, and thereafter; plus in each case, accrued and unpaid interest on the Series 2024B Bonds to be redeemed to but not including the redemption date.

For purpose of determining the Make-Whole Redemption Price, “Treasury Rate” means, with respect to any redemption date for any particular Series 2024B Bond, the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available on a day selected by the Authority not more than 45 calendar days and not less than two calendar days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to maturity; provided, however, that if the period from the redemption date to maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used; all as will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the County at the County’s expense and such determination shall be conclusive and binding on the owners of the Series 2024B Bonds.

Any Make-Whole Redemption Price of Series 2024B Bonds to be redeemed pursuant to the provisions described under this section will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the County to calculate such Make-Whole Redemption Price. The County and the Authority may conclusively rely on the determination of such Make-Whole Redemption Price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Defeasance of Series 2024B Bonds. Persons considering the purchase of a Series 2024B Bond should be aware that a defeasance of a Series 2024B Bond by the Authority prior to maturity could result in the realization of gain or loss by the Beneficial Owner of such Series 2024B Bond for federal income tax purposes, without any corresponding receipts of money by the Beneficial Owner as defined under “– Book-Entry Only System” below). Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange. Owners are advised to consult their own tax advisers with respect to the tax consequences resulting from such events. See “CERTAIN INVESTMENT CONSIDERATIONS – Defeasance of Series 2024B Bonds” and “TAX MATTERS – SERIES 2024B BONDS – *Defeasance of Series 2024B Bonds*” herein.

Selection of Series 2024 Bonds for Redemption

The Series 2024 Bonds shall be redeemed only in denominations of \$5,000 and in whole multiples of \$5,000. In selecting Series 2024 Bonds for redemption, the Trustee shall treat each Series 2024 Bond of a series as representing the number of Series 2024 Bonds of such series that is obtained by dividing the principal amount of such Series 2024 Bond by \$5,000. If less than all of the Series 2024 Bonds of any

maturity of a series shall be called for redemption, the particular Series 2024 Bonds of such series or portions thereof to be redeemed shall be selected by the Trustee by such method as the Trustee in its sole discretion deems fair and appropriate.

Notice of Redemption

Each notice of redemption of Series 2024 Bonds shall set forth the Series 2024 Bonds or portions thereof to be redeemed, the date fixed for redemption, the redemption price to be paid, and, if less than all the Series 2024 Bonds shall be called for redemption, the maturities of the Series 2024 Bonds to be redeemed. If less than all of the Series 2024 Bonds of any one maturity of a series then outstanding shall be called for redemption, such notice shall also set forth the distinctive numbers and letters, if any, of such Series 2024 Bonds to be redeemed and, in the case of Series 2024 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Series 2024 Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Series 2024 Bond, a new Series 2024 Bond of such series in principal amount equal to the unredeemed portion of such Series 2024 Bond and of the same maturity will be issued.

Such notice is to be given by mail at least 30 but not more than 90 days prior to the date fixed for redemption to the owners of Series 2024 Bonds to be redeemed; provided, however, that any defect in such notice or the failure to mail such notice to any owner owning any Series 2024 Bonds to be redeemed shall not affect the validity of the proceedings for the redemption of any other Series 2024 Bonds. While the Series 2024 Bonds are held in the name of DTC or its nominee, such redemption notices will be sent to Cede & Co., not to the Beneficial Owners of the Series 2024 Bonds.

Any notice of optional redemption of the Series 2024A Bonds or of make-whole optional redemption of the Series 2024B Bonds may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the redemption price (or Make-Whole Redemption Price, in the case of the Series 2024B Bonds) 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 (or Make-Whole Redemption Price, in the case of the Series 2024B Bonds) 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 Authority, the corresponding notice of redemption shall be deemed to be revoked.

Book-Entry Only System

The following description of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2024 Bonds, payments of principal of and interest on the Series 2024 Bonds to The Depository Trust Company, New York, New York ("DTC"), its nominee, Direct Participants (as defined below) or Beneficial Owners (as defined below), confirmation and transfer of beneficial ownership interests in the Series 2024 Bonds and other bond-related transactions by and between DTC, the Direct Participants and Beneficial Owners is based solely on information furnished by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2024 Bonds. The Series 2024 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 maturity of each series of the Series 2024 Bonds.

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"). DTC has an S&P rating of AA+. 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.

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of the Series 2024 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 Series 2024 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 Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 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 Series 2024 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 Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 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 Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as tenders, defaults, and proposed amendments to the Series 2024 Bond documents. For example, Beneficial Owners of the Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 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 Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2024 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 Series 2024 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 Authority or the Trustee, 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 Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Authority or Trustee, 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 Authority or Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2024 Bonds are required to be printed and delivered.

The Authority 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 Series 2024 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 Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

The Authority may enter into amendments to the agreement with DTC, or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Series 2024 Bonds without the consent of Beneficial Owners.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

Trust Agreement

Under the Trust Agreement, the Authority will pledge and assign to the Trustee, as security for the payment of all Bonds issued under the Trust Agreement, all rights, title and interest of the Authority in and to the Contract, including its right to receive Basic Payments and Additional Payments (reserving its right to receive certain Additional Payments and its rights to receive notices, reports, and other statements) under the Contract.

The Authority has previously issued its Fairfax County Facilities Revenue Bonds Series 2023 (Tysons Community Center Project) (Federally Taxable) (the “Series 2023 Bonds”) under the Trust Agreement.

Basic Payments and Additional Payments

The County is obligated under the Contract to make Basic Payments that are sufficient to pay the principal of and interest due on the Series 2024 Bonds. Under the Contract, the County has also agreed to make Additional Payments in amounts sufficient, among other purposes, to pay the Authority’s expenses allocable to the Contract and for the Authority to pay timely the compensation and expenses of the Trustee. The obligation of the County to make all Payments and other payments required under the Contract in any fiscal year of the County is valid and binding but subject to and contingent upon the annual appropriation by the Board of Supervisors of the County of funds for such purpose for such fiscal year. The failure of the County to pay all or any portion of the Payments or any other amounts due under the Contract on account of a failure of the Board of Supervisors of the County to appropriate such sums (an “Event of Non-Appropriation”) would not constitute a default or an event of default under the Contract. See “CERTAIN INVESTMENT CONSIDERATIONS – Non-Appropriation or Default on the Contract.”

Budget and Appropriation

The Authority has covenanted in the Trust Agreement that it will request the County annually for each fiscal year to budget, appropriate and pay to the Trustee an amount equal to the Basic Payments and Additional Payments payable by the County under the Contract (as such payments may be amended in connection with the issuance of Additional Bonds or Refunding Bonds, as described below), in such fiscal year. The County has covenanted in the Contract that the County Executive shall include as a separate line item in each annual budget of revenues and disbursements presented to the Board of Supervisors an item, appropriately designated, in an amount not less than an amount sufficient, in the judgment of the County Executive, to pay debt service on the Series 2024 Bonds and all other amounts payable during such fiscal year by the County pursuant to the Contract. See “CERTAIN INVESTMENT CONSIDERATIONS – Non-Appropriation or Default on the Contract.”

Limited Obligations

The Series 2024 Bonds are not a debt of the County, the Authority, the Commonwealth of Virginia or any political subdivision thereof, within the meaning of any constitutional, charter, or statutory debt limit or restriction, nor is the full faith and credit of the County, the Authority or the Commonwealth of Virginia or any political subdivision thereof pledged to the payment of the Series 2024 Bonds or the interest thereon. The Authority has no taxing power.

Additional Bonds and Refunding Bonds

The Series 2023 Bonds were the first Bonds issued by the Authority under the Trust Agreement. The Authority will use proceeds of the Series 2024 Bonds together with other amounts provided by the County to provide for the payment of the Series 2023 Bonds at their maturity on October 1, 2024. See “THE PROJECT; REFINANCING PLAN” herein.

The Authority may also issue additional Bonds (“Additional Bonds”) on a parity with the Series 2024 Bonds under the Trust Agreement to finance additional costs of the Project. The Authority may also issue refunding Bonds (“Refunding Bonds”) on a parity with the Series 2024 Bonds for the purpose of providing funds, together with any other funds available therefor, for refunding or paying at maturity all or

any part of the Series 2024 Bonds or Additional Bonds issued to provide financing for costs of the Project. The Series 2024 Bonds are being issued as Refunding Bonds under the Trust Agreement.

Conditions precedent under the Trust Agreement to the Authority's issuance of a series of Additional Bonds or Refunding Bonds on a parity with the Series 2024 Bonds include, among other requirements, the Bond Registrar's receipt of the following:

(a) an executed counterpart or a certified copy of the Supplemental Trust Agreement entered into by EDA providing for the issuance of such Additional Bonds or Refunding Bonds, approving the sale of such Bonds, and directing the delivery of such Bonds to or upon payment of the purchase price therein set forth;

(b) an executed counterpart, or a certified copy, of an amendment to the Contract required to reflect the issuance of the Additional Bonds or Refunding Bonds and adjustments of the Basic Payments;

(c) in the case of (i) Additional Bonds, a certificate of the Engineer to the effect that the proceeds of the Additional Bonds available for the purpose and any additional funds contributed by the County or other entity will be sufficient to complete payment of the Cost of Construction of the Project, taking into account the additional amount, in excess of the sum of the proceeds of the Series 2024 Bonds, available investment income derived therefrom and any capital contributions the County or other entity has made required in his or her estimation to complete and place in service the Project or (ii) Refunding Bonds, where more than 60 days will elapse between the delivery of the Refunding Bonds and the final payment or final redemption of the Bonds being refunded, an escrow deposit agreement providing for the custody of the proceeds of the Refunding Bonds and any other funds intended to be applied to the payment or redemption of Bonds;

(d) an opinion or opinions of the counsel for EDA to the effect that (i) the issuance of such Bonds has been duly and validly authorized and all conditions precedent to the delivery of such Bonds have been fulfilled, (ii) the Supplemental Trust Agreement referred to in clause (a) above and the amendments to the Contract referred to in clause (b) above have been duly authorized, executed and delivered and are valid and binding on EDA in accordance with their terms, (iii) no provision of such Bonds or the Supplemental Trust Agreement authorizing such Bonds results in or constitutes a default under any material agreement, indenture or other instrument to which EDA is a party or by which EDA is or may be bound, and (iv) in the case of Refunding Bonds, the Bonds refunded by the Refunding Bonds are no longer outstanding under the terms of the Trust Agreement; and

(e) an opinion or opinions of counsel for the County to the effect that the amendment to the Contract referred to in clause (b) above has been duly authorized, executed and delivered and is valid and binding on the County in accordance with its terms.

See Appendix C, "SUMMARY OF CERTAIN DOCUMENTS PROVISIONS – The Trust Agreement – Series 2024 Bonds, Additional Bonds and Refunding Bonds."

No Reserve Fund

No debt service reserve fund or other similar reserve fund has been established with respect to the Series 2024 Bonds under the Trust Agreement.

Casualty and Liability Insurance

The Contract requires that the County place in effect at a minimum the following insurance: (i) an “all risks” policy with coverage equal to 100% of the replacement cost value of the Project to be determined no less frequently than annually and (ii) a general liability policy covering all operations and maintenance in connection with the Project equal to \$5,000,000 combined aggregate limit per occurrence for personal injury and property damage liability. All such insurance must be issued by companies licensed to do business in the Commonwealth of Virginia with the Best’s Key Rating of at least A:VI. In the alternative the County may self-insure for all or a portion of the insurance required under the Contract. See Appendix C, “SUMMARY OF CERTAIN DOCUMENTS PROVISIONS – The Installment Purchase Contract – Insurance.” The Net Proceeds of any insurance money received do not serve as security for the Series 2024 Bonds under the provisions of the Trust Agreement.

Casualty, Condemnation

If all or a portion of the Project is damaged or destroyed by fire or taken by condemnation, the County is obligated either to (a) repair, reconstruct, and restore the Project as and to the extent the County shall deem appropriate under the circumstances or (b) apply the Net Proceeds resulting from such event, together with other available money, to the payment of the allocable portion of the Series 2024 Bonds or in full, as applicable, through a defeasance of the Series 2024 Bonds in accordance with the Trust Agreement. See Appendix C, “SUMMARY OF CERTAIN DOCUMENTS PROVISIONS – The Installment Purchase Contract – County’s Obligation to Maintain and Repair the Property.”

CERTAIN INVESTMENT CONSIDERATIONS

The following is a summary of certain risk factors attendant to investment in the Series 2024 Bonds. In order to identify risk factors and make an informed investment decision, investors should review thoroughly all the information contained in this Official Statement.

Non-Appropriation or Default on the Contract

The County’s obligation to make Basic Payments and Additional Payments is subject to appropriation by the Board of Supervisors of funds for that purpose. The likelihood that the Board of Supervisors will appropriate funds for Basic Payments and Additional Payments during each fiscal year may depend on a number of factors, including, but not limited to (a) the progress of, and prospects for, timely and successful completion of the construction of the Project, (b) the continuing need of the County for the Project, (c) political, economic and other factors affecting County government, (d) general fund revenues and expenditures, (e) economic conditions in the County, (f) the usefulness or value of the Project, and (g) the availability of alternative facilities.

Defeasance of Series 2024B Bonds

Persons considering the purchase of a Series 2024B Bond should be aware that a defeasance of a Series 2024B Bond by the Authority prior to maturity could result in the realization of gain or loss by the Beneficial Owner of such Series 2024B Bond for federal income tax purposes, without any corresponding receipts of money by the Beneficial Owner. Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange. Beneficial Owners are advised to consult their own tax advisers with respect to the tax consequences resulting from such events. See “THE SERIES 2024 BONDS – Redemption Provisions – *Series 2024B Bonds*” and TAX MATTERS – SERIES 2024B BONDS – Defeasance of Series 2024B Bonds” herein.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the Internal Revenue Code of 1986, as amended (the “Code”), generally prohibit certain transactions between employee benefit plans under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the “Plans”) and persons who, with respect to a Plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In addition, each fiduciary of a Plan (“Plan Fiduciary”) must give appropriate consideration to the facts and circumstances that are relevant to an investment in the Series 2024 Bonds, including the role that such an investment in the Series 2024 Bonds would play in the Plan’s overall investment portfolio. Each Plan Fiduciary, before deciding to invest in the Series 2024 Bonds, must be satisfied that such investment in the Series 2024 Bonds is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Series 2024 Bonds, are diversified so as to minimize the risk of large losses and that an investment in the Series 2024 Bonds complies with the documents of the Plan and related trust, to the extent that such documents are consistent with ERISA. All Plan Fiduciaries, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Series 2024 Bonds.

TAX MATTERS – SERIES 2024A BONDS

Opinion of Bond Counsel

The County will covenant in a tax certificate to comply with certain provisions of the Internal Revenue Code of 1986 (the “Code”) relating to the exclusion from gross income of the interest on the Series 2024A Bonds for federal income tax purposes. In the opinion of Norton Rose Fulbright US LLP, Bond Counsel, under current law, and assuming continuing compliance by the Authority and the County with such covenants and subject to the provisions of this section, interest on the Series 2024A Bonds will not be includable in gross income of the owners of the Series 2024A Bonds for federal income tax purposes. Interest on the Series 2024A Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Series 2024A Bonds in the event of a failure by the Authority or the County to comply with applicable requirements of the Code, and their respective covenants regarding use, expenditure, and investment of the proceeds of the Series 2024A 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 Series 2024A 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 Series 2024A Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax under the Code on individuals.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than one billion dollars in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer’s applicable financial statement for such taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Series 2024A Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Series 2024A Bonds.

Original Issue Discount

The excess, if any, of the amount payable at maturity of any maturity of the Series 2024A 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 Series 2024A 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 Series 2024A Bonds. In general, the issue price of a maturity of the Series 2024A Bonds is the first price at which a substantial amount of Series 2024A 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 for such maturity 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 Series 2024A Bonds is sold to the public may be determined according to rules that differ from those described above. A purchaser of a Discount Bond should consult his or her tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount on such Discount Bond and the state and local tax consequences of owning and disposing of such Discount Bond.

Bond Premium

The excess, if any, of the tax basis of a maturity of the Series 2024A Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such Series 2024A 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 maturity of the Series 2024A 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 such Series 2024A Bonds. An owner of such Series 2024A Bonds is required to decrease his adjusted basis in such Series 2024A Bonds by the amount of amortizable Bond Premium attributable to each taxable year such Series 2024A Bonds are held. Purchasers of such Series 2024A Bonds should consult their 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 Series 2024A Bonds and the state and local income tax consequences of owning and disposing of such Series 2024A Bonds.

Backup Withholding

Interest paid on the Series 2024A 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 Series 2024A Bonds from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Series 2024A 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 from a payment to a Beneficial Owner under the backup withholding rules 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.

Virginia Taxation

Under the Enabling Act, the income on the Series 2024A Bonds, including any profit made on the sale thereof, is exempt from all taxation by the Commonwealth of Virginia or any political subdivision thereof.

Other Tax Consequences

The Code contains 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 Series 2024A Bonds or the inclusion in certain computations of interest on the Series 2024A Bonds that is excluded from gross income for purposes of federal income taxation.

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, life insurance companies, 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, owners of an interest in a financial asset securitization investment trust (FASIT), corporations subject to the alternative minimum tax on adjusted financial statement earnings, 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.

PROSPECTIVE PURCHASERS OF THE SERIES 2024A BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE APPLICABILITY AND IMPACT OF ANY SUCH COLLATERAL TAX CONSEQUENCES.

Future Tax Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Series 2024A 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 Series 2024A Bonds. Prospective purchasers of the Series 2024A 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.

TAX MATTERS – SERIES 2024B BONDS

Virginia Taxation

Under the Enabling Act, the income on the Series 2024B Bonds, including any profit made on the sale thereof, is exempt from all taxation by the Commonwealth of Virginia or any political subdivision thereof.

In General

The following discussion of certain U.S. federal income tax consequences under this caption “TAX MATTERS – SERIES 2024B BONDS” is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning and disposing of the Series 2024B Bonds, including the applicability and effect of any state, local or foreign tax laws, and of any proposed changes in applicable laws.

Certain U.S. Federal Income Tax Considerations

The following is a general summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the Series 2024B Bonds based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect) or possible differing interpretations. No assurance can be given that future changes in the law will not alter the consequences described herein. The discussion below does not purport to deal with federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Series 2024B Bond by a Beneficial Owner thereof. Further, this summary does not discuss all aspects of federal income taxation that may be relevant to a particular person in the Series 2024B Bonds in light of the investor’s particular circumstances (for example, persons subject to the alternative minimum tax provisions of the Code), or to certain types of investors subject to special tax treatment under the federal income tax laws (including but not limited to financial institutions, insurance companies, tax exempt organizations and entities, regulated investment companies, broker-dealers in securities or currencies, persons holding the Series 2024B Bonds as a hedge against currency risks or as a position in a “straddle” for tax purposes, traders in securities that elect to use a mark-to-market method of accounting, thrifts, pension and other employee benefit plans, partnerships and other pass-through entities, certain hybrid entities and owners of interest therein, persons who acquire Series 2024B Bonds in connection with the performance of services, persons deemed to sell Series 2024B Bonds under the constructive sale provisions of the Code, or persons whose functional currency is not the U.S. dollar. It also does not deal with holders other than investors who purchase Series 2024B Bonds in the initial offering at the first price at which a substantial amount of such substantially identical bonds are sold to the general public (except where otherwise specifically noted). The discussion below also does not discuss any aspect of state, local, or foreign law or U.S. federal tax laws other than U.S. federal income tax law. The summary is limited to certain issues relating to initial investors who will hold the Series 2024B Bonds as “capital assets” within the meaning of Section 1221 of the Code, and acquire such Series 2024B Bonds for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to Beneficial Owners of the Series 2024B Bonds who are United States persons within the meaning of Section 7701(a)(30) of the Code (“U.S. persons”) and, except as discussed below, does not address any consequences to persons other than U.S. persons. Prospective investors should note that no rulings have been or will be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed herein, and no assurance can be given that the IRS will not take contrary positions.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX

CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2024B BONDS.

Stated Interest and Reporting of Interest Payments

The stated interest on a Series 2024B Bond will be included in the gross income, as defined in Section 61 of the Code, of the Beneficial Owners thereof as ordinary income for federal income tax purposes when paid or accrued (in accordance with the Beneficial Owner's regular method of tax accounting). Subject to certain exceptions, the stated interest on the Series 2024B Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099, which will reflect the name, address, and taxpayer identification number ("TIN") of the Beneficial Owner. A copy of Form 1099 will be sent to each Beneficial Owner of a Series 2024B Bond for federal income tax purposes.

Premium

If a Beneficial Owner purchases a Series 2024B Bond for an amount that is greater than the sum of all amounts payable on such Series 2024B Bond after the purchase date, other than payments of qualified stated interest, such Beneficial Owner will be considered to have purchased the Series 2024B Bond with "amortizable bond premium" equal in amount to such excess. A Beneficial Owner may elect to amortize such premium using a constant yield method over the remaining term of the Series 2024B Bond and may offset interest otherwise required to be included in respect of the Series 2024B Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Series 2024B Bond held by a Beneficial Owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, or retirement of a Series 2024B Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the Beneficial Owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Defeasance of Series 2024B Bonds

Persons considering the purchase of a Series 2024B Bond should be aware that a defeasance of a Series 2024B Bond by the Authority prior to maturity could result in the realization of gain or loss by the Beneficial Owner of such Series 2024B Bond for federal income tax purposes, without any corresponding receipts of money by the Beneficial Owner. Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange. Beneficial Owners are advised to consult their own tax advisers with respect to the tax consequences resulting from such events.

Medicare Contribution Tax

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business and certain other listed items of gross income), and (ii) the excess of "modified adjusted gross income" of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Prospective investors in the Series 2024B Bonds should consult their tax advisors regarding this additional tax as it may apply to interest earned on the Series 2024B Bonds as well as gain on the sale of the Series 2024B Bonds.

Backup Withholding

A Beneficial Owner of the Series 2024B Bonds who is a U.S. Person may, under certain circumstances, be subject to “backup withholding” (currently at a rate of 24%) on current or accrued interest on the Series 2024B Bonds or with respect to proceeds received from a disposition of the Series 2024B Bonds. This withholding applies if such Beneficial Owner of Series 2024B Bonds: (i) fails to furnish to the payor such Beneficial Owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to report interest properly; or (iv) under certain circumstances, fails to provide the payor or such Beneficial Owner’s broker with a certified statement, signed under penalty of perjury, that the TIN provided to the payor or broker is correct and that such Beneficial Owner is not subject to backup withholding. To establish status as an exempt person, a Beneficial Owner will generally be required to provide certification on IRS Form W-9 (or substitute form).

Backup withholding will not apply, however, if the Beneficial Owner is a corporation or falls within certain tax-exempt categories and, when required, demonstrates such fact. BENEFICIAL OWNERS OF THE SERIES 2024B BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THEIR QUALIFICATION FOR EXEMPTION FROM BACKUP WITHHOLDING AND THE PROCEDURE FOR OBTAINING SUCH EXEMPTION, IF APPLICABLE. The backup withholding tax is not an additional tax and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the IRS.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations

Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding of U.S. federal income tax by the payor at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such a Beneficial Owner of the Series 2024B Bonds is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest.” Interest will be treated as portfolio interest if (i) the Beneficial Owner provides a statement to the payor certifying, under penalties of perjury, that such Beneficial Owner is not a U.S. Person and providing the name and address of such Beneficial Owner, (ii) such interest is treated as not effectively connected with the Beneficial Owner’s United States trade or business, (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion, (iv) interest payable with respect to the Series 2024B Bonds is not deemed contingent interest within the meaning of the portfolio debt provision, (v) such Beneficial Owner is not a controlled foreign corporation within the meaning of Section 957 of the Code and (vi) such Beneficial Owner is not a bank receiving interest on the Series 2024B Bonds pursuant to a loan agreement entered into in the ordinary course of the bank’s trade or business.

Assuming payments on the Series 2024B Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no withholding under Section 1441 and 1442 of the Code, and no backup withholding under Section 3406 of the Code is required with respect to Beneficial Owner or intermediaries who have furnished Form W-8 BEN, Form W-8 BEN-E, Form W-8 EXP, or Form W-8 IMY, as applicable, provided the payor has no actual knowledge or reason to know that such person is a U.S. Person.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Department of the Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act (“FATCA”) imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Series 2024B Bonds and sales proceeds of Series 2024B Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including original issue discount) and will apply to “foreign pass-thru payments,” but no earlier than two years after the date of publication of final regulations defining the term “foreign pass-thru payment.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

RATINGS

The Series 2024 Bonds have been rated “AA+” by Fitch Ratings, Inc. (“Fitch”), and “AA+” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”). The County requested that the Series 2024 Bonds be rated and furnished certain information to Fitch and S&P, including certain information that is not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions of the rating agencies. These ratings are not a recommendation to buy, sell or hold the Series 2024 Bonds.

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 Series 2024 Bonds.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 2024 Bonds are subject to the approving opinion of Norton Rose Fulbright US LLP, Washington, D.C., Bond Counsel. Such opinion will be furnished without expense to the purchasers of the Series 2024 Bonds. See Appendix D, “FORM OF BOND COUNSEL OPINION” herein.

Certain legal matters will be passed upon for the Authority by McGuireWoods LLP, Tysons, Virginia, for the County by Elizabeth D. Teare, Esquire, County Attorney, and for the Underwriters by Kutak Rock LLP, Richmond, Virginia.

LEGALITY FOR INVESTMENTS

Under the Enabling Act, the Series 2024 Bonds are legal and authorized investments for banks, trustees, trust companies, building and loan associations, insurance companies, fiduciaries, trustees, guardians for all public funds of the Commonwealth of Virginia or other political subdivisions of the

Commonwealth of Virginia, and any and all public funds of cities, towns, counties, school districts or other political corporations or subdivisions of the Commonwealth of Virginia.

LITIGATION

To the Authority's knowledge, no litigation is pending or threatened against the Authority (a) to restrain or enjoin the issuance, sale or delivery of any of the Series 2024 Bonds, the application of the proceeds thereof as provided in the Trust Agreement or the collection or application of revenues pledged under the Trust Agreement, (b) in any way contesting or affecting any authority for the issuance or validity of the Series 2024 Bonds or the validity of the Trust Agreement, (c) in any way contesting the creation, existence or powers of the Authority or (d) that, if determined adversely against the Authority, would have a material adverse effect on the Authority.

To the County's knowledge, no litigation is pending or threatened against the County (a) to restrain or enjoin the issuance, sale or delivery of any of the Series 2024 Bonds, the application of the proceeds thereof as provided in the Trust Agreement or the collection or application of revenues pledged under the Trust Agreement, (b) in any way contesting or affecting any authority for the issuance or validity of the Series 2024 Bonds or the validity of the Trust Agreement, (c) in any way contesting the creation, existence or powers of the County or (d) that, if determined adversely against the County, would have a material adverse effect on the County.

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 Series 2024 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 the Official Statement. The Financial Advisor is not engaged in the business of underwriting municipal securities.

UNDERWRITING

The Series 2024 Bonds are being purchased for reoffering by J.P. Morgan Securities LLC, as representative of itself, Loop Capital Markets LLC, and Raymond James & Associates, Inc. (the "Underwriters"), at a purchase price (i) for the Series 2024A Bonds, of \$30,466,749.51 (which reflects the principal amount of the Series 2024A Bonds, plus an original issue premium of \$3,653,687.75, less an underwriters' discount of \$106,938.24), and (ii) for the Series 2024B Bonds, of \$9,647,017.20 (which reflects the principal amount of the Series 2024B Bonds, less an underwriters' discount of \$22,982.80).

The Underwriters intend to offer the Series 2024 Bonds to the public at the offering prices or yields set forth on the inside cover pages of this Official Statement. The Underwriters may allow concessions to certain dealers (including dealers in a selling group and the Underwriters and other dealers depositing Series 2024 Bonds into investments trusts), which may reallocate concessions to other dealers. After the initial public offering, the public offering prices may be varied from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed and may in the future perform, various investment banking services for the County for which they received or will receive customary fees and expenses.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Series 2024 Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”), and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2024 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2024 Bonds that such firm sells.

VERIFICATION OF CERTAIN MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetical computations of the maturing principal and interest earned on the cash and non-callable, direct obligations of the United States of America held by the Escrow Agent for the payment of the Series 2023 Bonds on their October 1, 2024 maturity, has been verified by Robert Thomas CPA, LLC, Shawnee Mission, Kansas. Such verification has been based upon information supplied by the Financial Advisor.

CONTINUING DISCLOSURE UNDERTAKING

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2024 Bonds, and the Authority will not provide any such information. The County has undertaken all responsibilities for continuing disclosure for the benefit of the owners, and the Authority shall have no liability to the owners or any other person with respect to such disclosures.

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 Series 2024 Bonds, unless it has determined that the issuer of such securities 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 (“Event Notices”).

The County will covenant in the Continuing Disclosure Agreement (the form of which appears in Appendix E), to be dated the date of delivery of the Series 2024 Bonds, for the benefit of the holders of the Series 2024 Bonds, to provide Annual Reports to EMMA, annually, not later than March 31 of each year, commencing March 31, 2025. Similarly, the County will provide Event Notices with respect to the Series 2024 Bonds to EMMA.

The Continuing Disclosure Agreement requires the County to provide only that information that is subject to the terms of the Continuing Disclosure Agreement and only at specific times. The County may, from time to time, provide certain information and data in addition to that required by the Continuing Disclosure Agreement. If the County chooses to provide such information and data, it has no obligation to update such information or data or to include it in a future disclosure.

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.

The Upper Occoquan Service Authority has issued regional sewerage system revenue bonds (the “UOSA Bonds”) on which the County is responsible for paying a portion of the debt service from certain revenues of the County’s sewage collection, treatment and disposal systems. In connection with the UOSA Bonds, the County covenanted to file with EMMA certain annual financial information and operating data (the “Sewer System Annual Information”), and if available, audited financial reports, within 270 days after the June 30 end of each County fiscal year (the “Sewer System Audited Financial Report”). With respect to the fiscal year ended June 30, 2022, the Sewer System Annual Information and the Sewer System Audited Financial Report were timely filed with EMMA prior to the March 27, 2023, due date, but the Sewer System Annual Information was not correctly cross-referenced to the CUSIP numbers assigned to certain maturities of the UOSA Bonds until it was filed with EMMA with respect to such CUSIP numbers on June 21, 2023.

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.

Any failure by the County to perform its obligations under the Continuing Disclosure Agreement will not constitute an Event of Default under the Trust Agreement or the Series 2024 Bonds; rather, the right to enforce the provisions of the Continuing Disclosure Agreement is limited to the right to compel performance. The Underwriters’ obligations to purchase the Series 2024 Bonds shall be conditioned upon receipt, at or prior to the delivery of the Series 2024 Bonds, of an executed copy of the Continuing Disclosure Agreement.

MISCELLANEOUS

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof, and no guarantee, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

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APPROVAL OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized by the Authority.

**FAIRFAX COUNTY ECONOMIC
DEVELOPMENT AUTHORITY**

By: /s/ James Quigley
Chairman

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APPENDIX A

FAIRFAX COUNTY INFORMATION*

* The inclusion of general information about Fairfax County and its financial position does not imply that Fairfax County is legally obligated to make payments on the Series 2024 Bonds except from the revenues and other sources of funds, and subject to the limitations, described in this Official Statement.

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FAIRFAX COUNTY INFORMATION*

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FAIRFAX COUNTY INFORMATION

GENERAL DESCRIPTION

Overview

Fairfax County, Virginia (“Fairfax County” or 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” or the “Board”), 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 2022 population is 1,172,646. 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 7,577 people per year during 2010-2022.

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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
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	1,171,847
2021	1,170,033
2022	1,172,646

Sources: U.S. Bureau of the Census (1940-2000 and 2010 Decennial Censuses); FY 2011-2023 Fairfax County Annual Comprehensive Financial Reports

¹ The 2020 population shown as estimated by the Fairfax County Economic, Demographic and Statistical Research Unit. This estimate differs from County population shown in the 2020 Decennial Census of 1,150,309 and results from different methodologies independently developed by Fairfax County Demographers designed to provide accurate and updated information. The 2020 Decennial Census may have certain statistical anomalies in the County-level data.

The following table reflects the population age distribution of County residents, based on the U.S. Census Bureau's 2020 Decennial Census. The census estimated the County's total population in 2020 at 1,150,309.

Household Population Age Distribution Fairfax County

<u>Age Group</u>	<u>2020</u>	
	<u>Number</u>	<u>Percent (%)</u>
Under 20 years	294,275	25.6
20 – 34	224,440	19.5
35 – 54	325,677	28.3
55 – 64	147,230	12.8
65 and Over	<u>158,687</u>	<u>13.8</u>
Total	1,150,309	100.0

Sources: U.S. Bureau of the Census, 2020 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 \$145,165, and median family income was \$172,110 in 2022. Approximately 48.5% of the County's households and 57.5% of families had annual incomes of \$150,000 or more. The following table shows the 2022 household and family income distribution in the County.

2022 Household and Family Income Distribution (by Percentage)¹

<u>Income Level</u>	<u>Household</u>	<u>Family</u>
Under \$25,000	6.2%	4.2%
\$25,000 – 49,999	8.0	6.3
\$50,000 – 74,999	9.1	7.3
\$75,000 – 99,999	9.9	8.0
\$100,000 – 149,999	18.3	16.7
\$150,000 or more	48.5	57.5
 Median Income	 \$145,165	 \$172,110

Source: U.S. Census Bureau, 2018-2022 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.

Thomas G. Arnold, Deputy County Executive, was appointed effective February 26, 2022. As Deputy County Executive for Safety & Security, Mr. Arnold directly oversees the Public Safety Agencies and is a Liaison to the Executive Director for the Police Civilian Review Panel, Independent Police Auditor, Circuit Court, General District Court, and Office of the Sheriff. Previously, Mr. Arnold was an Assistant Fire Chief with the Fire and Rescue Department. Mr. Arnold has more than two decades of service with the County. He began with the Fairfax County Fire and Rescue Department as a firefighter in 2001. He has also published papers on fire and rescue-related topics. Mr. Arnold holds a Master of Science in executive fire service leadership from Grand Canyon University and a Bachelor of Science in business administration from Pennsylvania State University. Mr. Arnold is a graduate of the National Fire Academy Executive Fire Officer Program (EFO), a Center for Public Safety Excellence Chief Fire Officer (CFO), and a member of the International Association of Fire Chiefs (IAFC).

Ellicia L. Seard-McCormick, Deputy County Executive, was appointed effective November 22, 2021. Ms. Seard-McCormick oversees the various departments that provide administrative operations for

the County, including the Facilities Management Department, the Department of Cable and Consumer Services, the Department of Human Resources, the Department of Information Technology, the Office of Public Affairs, and others. She has more than two decades of experience as a County employee. Prior to her appointment, she was a Deputy Director of the Department of Management and Budget (DMB) where she led overall system coordination and decision-making for the County's enterprise resource planning (ERP) system for business functions related to overall human resource, financial, procurement and budget operations. She was also lead for multiple special projects, including countywide space planning and IT projects, a liaison to boards, authorities and commissions and the agencies that support them, and she served as a liaison for large-scale county reorganization efforts, among other duties. Ms. Seard-McCormick earned a Bachelor of Arts in Political Science and a master's degree in Public Administration, both from the University of North Carolina at Chapel Hill.

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.

The Deputy County Executive for 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 is currently vacant. A nationwide recruitment for the position will begin in the coming months.

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 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.

Philip A. Hagen was appointed Director of the Department of Management and Budget for Fairfax County, effective November 19, 2022. Prior to his appointment, Mr. Hagen joined the Fairfax County Department of Management and Budget in November 2010 as a budget analyst and served as Deputy Director from October 2019. Mr. Hagen received his bachelor's degree in finance from the University of Florida and a Master of Public Administration degree from George Mason University.

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 2024, the School Board of Fairfax County, Virginia (the "School Board"), supported 25,743 full-time equivalent positions. The County supported 12,344 full-time equivalent positions in activities funded directly or supported by the General Fund and 1,404 full-time equivalent positions employed in activities not supported by the General Fund, principally the County's Integrated Sewer System (the "Integrated Sewer System").

During the 2020 legislative session, the Virginia General Assembly voted to provide localities and local school boards with the ability to collectively bargain with some public employees if permitted by the adoption of a local ordinance or resolution. The legislation was subsequently signed by the Governor with an amendment making this legislation effective May 1, 2021. Over several months, through its Personnel Committee, the Board received a presentation about the framework of collective bargaining under the newly enacted authority, discussed collective bargaining, and was presented with draft collective bargaining ordinances for its consideration. Consistent with Virginia law, the Board held a public hearing on the collective bargaining ordinance, and it was adopted on October 19, 2021.

Among other things, the ordinance prescribes the process by which an employee organization can be elected and certified as the exclusive bargaining representative for all employees in a bargaining unit. There are three recognized collective bargaining units per the County collective bargaining ordinance: Fire and Emergency Medical Services, Police, and General Government. Per the ordinance, negotiations with a collective bargaining unit must commence no later than July 1 and conclude by October 15 of any year where an agreement is sought to be effective at the beginning of the next fiscal year.

The Southern States Police Benevolent Association ("SSPBA") was elected as the exclusive representative of the Police Department, and the International Association of Fire Fighters ("IAFF") Local 2068 was elected as the exclusive representative of the Fire and Rescue Department and Department of Public Safety Communications. The members of both collective bargaining units ratified their respective collective agreements (CBA) in November 2023, covering the period from FY 2025 to FY 2027. In December 2023, the Board approved resolutions indicating its intent to provide funding to support the agreements, subject to annual appropriation of amounts for such purpose by the Board. Both CBAs became effective July 1, 2024. The bargaining unit representing General Government employees is yet to be elected and certified.

For FY 2025, funding of \$21.80 million for IAFF employee pay and \$29.65 million for SSPBA employee pay is associated with the impacts of the two CBAs. Wage provisions outlined in the CBAs include pay scale adjustments, step increases, and transitions from current pay scales to new pay scales. Non-wage provisions specified in the CBAs include union activities, pay supplements or stipends, and extra

benefits for leave and half-days on holidays. Funding of \$2.96 million is also included to address the impacts of increased pay on retirement contributions. Funding of \$4.14 million is included to address the impact of the CBAs on non-represented employees; these include an additional half-day holiday and adjustments to premium and differential pay rates. Comprehensive details of the CBAs can be accessed on the County's Collective Bargaining website (<https://www.fairfaxcounty.gov/hr/collective-bargaining>).

The Fairfax County Public Schools ("FCPS") has separately established its own collective bargaining framework for its employees. In March 2023, the School Board approved a collective bargaining resolution, granting employees the right to collectively negotiate terms and conditions of employment. Eligible positions are assigned to one of the following bargaining units: Administrators and Supervisors, Licensed Instructional Staff, and Operational Employees. Employee Associations (unions) seeking certification to become exclusive representatives must become eligible to be included in an election ballot by demonstrating 30% or more employee support. Organizations have been certified to go to election. The election will have the name of the organization and "no representation" as a voting option. A majority of employee votes determines if the organization will become the Exclusive Representative of the Bargaining Unit(s). Employees eligible to vote are informed of an election by the Labor Relations Administrator. Additional information can be found at the FCPS collective bargaining website: <https://www.fcps.edu/collective-bargaining>.

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 2022, the International City/County Management Association ("ICMA") announced that it had awarded its Certificate of Excellence to Fairfax County for the 13th consecutive year. The County is among only 31 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, 2022, received the Certificate of Achievement for Excellence in Financial Reporting for the 45th year from the Government Finance Officers Association ("GFOA"). Fairfax County has also earned GFOA's Distinguished Budget Presentation Award for the past 39 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 twelfth 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 FCPS 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 88% 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.

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As of FY 2025, 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 2025 Advertised Budget

¹ Grades 7-12.

The number of students attending Fairfax County Public Schools decreased overall between FY 2016 and FY 2024. Enrollment for FY 2024 was 179,952. FY 2025 approved enrollment is 181,701 students, a decrease of 4,278 students over the FY 2016 enrollment.

Fairfax County Public Schools Enrollment

<u>Fiscal Year</u>	<u>Number of Public School Students</u>	<u>% Change</u>
2016	185,979	-
2017	186,842	0.46
2018	188,403	0.84
2019	187,474	(0.49)
2020	188,355	0.47
2021	179,748	(4.57)
2022	178,421	(0.74)
2023	179,795	0.77
2024	179,952	0.09
2025	181,701	0.97

Source: Fairfax County Public Schools FY 2025 Advertised Budget

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The average per pupil expenditures based on FY 2024 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	\$24,612
Falls Church City	23,735
Alexandria City	20,511
Loudoun County	19,905
Fairfax County	19,795
Prince William County	16,390
Manassas City	16,340
Manassas Park City	15,205

Source: FY 2024 Washington Area Boards of Education Guide

Note: Data not available for Prince George's County and Montgomery County, Maryland.

Of the Advanced Placement ("AP") tests taken by FCPS students in 2022, 72% rated a score of 3 or above (on a grading scale of 1 to 5). In 2022, 35,223 AP tests were given, a decrease of 5% from 2019. 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 decreased from 6,763 in 2019 to 6,111 in 2022.

For the 2022-2023 school year, FCPS' average SAT score was 1181, compared with the Virginia average of 1113 and the national average of 1028.

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, 70 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 156.6 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 Reworld Fairfax, LLC, 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 (subsequently renamed Covanta Fairfax, Inc., then Covanta Fairfax, LLC, and now Reworld Fairfax, LLC ("Reworld")), under which Reworld 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 Reworld 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 2023, the E/RRF processed 702,175 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, Dulles International Airport and the 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, 2023, FW's basic retail water charge is \$3.65 per 1,000 gallons (increasing to \$3.84 per 1,000 gallons effective April 1, 2024), plus a quarterly service charge (effective April 1, 2023, \$14.95 for most single family homes and townhouses; increasing to \$15.60 effective April 1, 2024). To pay for treatment and pumping capacity that is used only during periods of high demand, FW also levies a peak use charge of an additional \$4.00 per 1,000 gallons (effective April 1, 2023; increasing to \$4.10 effective April 1, 2024), 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 283,000 retail accounts in Fairfax County, with an average production of about 166 million gallons per day (“mgd”) (based on the fiscal year ended December 31, 2023). 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 2024-2033 includes projects totaling \$127 million.

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, to 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/2022%20ff%20sustainability%20report_508.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.

On November 1, 2022, the Board of Supervisors adopted Resilient Fairfax, the County’s first climate adaptation and resilience plan. Resilient Fairfax focuses on climate effects, with the goal of helping Fairfax County adapt to increasing climate hazards experienced locally. There are 48 strategies in the

Resilient Fairfax plan, including 18 prioritized strategies. These strategies are organized into four main pillars: Integrated Action Planning, Climate Ready Communities, Resilient Infrastructure and Buildings, and Adaptive Environments. The plan includes detailed implementation roadmaps for each of the 18 prioritized strategies.

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. On November 15, 2022, an additional 11.6 miles were 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 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 2016-FY 2025 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>
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	56.894	75.706	20.188	83.314	7.522	0.300	61.652
2022	62.089	67.381	23.334	57.444	7.751	0.000	87.609
2023	74.111	69.092	20.028	102.450	14.331	4.640	41.810
2024	66.091	80.931	20.851	108.699	13.000	0.002	46.172
2025	80.210	98.221	25.305	132.800	13.200	4.000	53.736

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 2015-2023 are actual amounts, and fiscal years 2024 and 2025 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”) opened for service on November 15, 2022, completing 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, 2023, the outstanding balance on the TIFIA Loan, including accrued interest, was \$398,909,166. The County prepaid \$38,464,783 of the TIFIA Loan principal on November 17, 2022, and an additional \$27,700,000 of TIFIA Loan principal on October 2, 2023.

County Transit Systems

Within the County, the Fairfax Connector System provides feeder bus service to Metrorail Stations. The Fairfax Connector operates 91 routes to 17 Metrorail Stations, which include the Dunn Loring, Crystal City, Franconia-Springfield, Huntington, McLean, Pentagon, Pentagon City, Spring Hill, Tysons, Van Dorn Street, Vienna, West Falls Church, Wiehle-Reston East, Reston Town Center, Herndon, Innovation Center, and Washington-Dulles International Airport 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 2023 actual results also include support of \$11.9 million from State aid. The Fairfax Connector carried approximately 5.1 million passengers in FY 2022, and approximately 8.4 million passengers in FY 2023. FY 2024 ridership is anticipated to be approximately 8.9 million. Fairfax Connector System expenditures totaled approximately \$144.8 million in FY 2023, and are projected to be \$183.4 million in FY 2024, 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. Since October 2021, the service consists of eight peak period trips from south of the County in Spotsylvania County to north of the County in the District of Columbia and eight 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 2025 commuter rail operating and capital budget is \$5.5 million.

Parks, Recreation and Libraries

Fairfax County provides a variety of recreational, educational, and cultural activities and services. In FY 2023, the Fairfax County Public Library system (the “Library System”) made more than 10.5 million loans and recorded more than 2.7 million visits to its 23 branches, which represented an increase from the prior fiscal year’s 10.1 million loans and 1.2 million visits. In both FY 2021 and 2022, the Library System recorded over 1.8 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 23,854-acre County park system with 420 parks, nine recreation centers, 11 dog parks, eight golf courses, an ice skating rink, 229 playgrounds, 720 public garden plots, five nature centers, three equestrian facilities, 452 FCPS athletic fields, 104 synthetic turf fields, 262 Park Authority-owned athletic fields, 136 historic buildings across 38 park sites, two waterparks, a horticultural center, and more than 338 miles of trails. In FY 2023, FCPA welcomed 16.50 million visitors to 420 parks, groomed

fields for more than 200 youth and adult sports organizations, improved its 338-mile 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 60% 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 NOVA Parks (formerly the Northern Virginia Regional Park Authority), an independent entity in which the County participates, operates 33 parks covering approximately 12,000 acres throughout Northern Virginia including the County. NOVA Parks 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 August 2023, the FCRHA owns or operates 102 properties, which are comprised of approximately 3,900, including apartments, townhouses, senior retirement homes, assisted living facilities, and specialized housing units, including mobile home pads and beds in group homes. The FCRHA also administers 5,469 federal Housing Choice Vouchers and Rental Assistance Demonstration-Project Based Vouchers. In FY 2023, 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 2023, the average income of households served in the HCV and RAD-PBV programs was approximately \$19,689, or 16% 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 affordable multifamily rental developments. The FCRHA has issued fixed-rate bonds for 48 multifamily financings totaling approximately \$690 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. A study of WDU for-sale policy and program improvements is underway.

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 AMI and allow a maximum density bonus of up to 20 percent. As of November 28, 2023, the WDU Policies have produced approximately 2,262 WDUs (2,180 rental and 82 for sale).

In support of the County's affordable housing preservation goals, the Board adopted the Affordable Housing Preservation Policy into the Comprehensive Plan in March 2023. The policy seeks no net loss of existing multifamily affordable housing and a goal of one-for-one replacement of existing affordable units that are redeveloping.

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. As part of the Fairfax County Human Services System, the CSB provides 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

COVID-19, a respiratory disease caused by a new strain of coronavirus, 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. The state of emergency expired on June 30, 2021.

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.

The financial and operating data contained herein are as of the dates and for the periods indicated, portions 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 September 2023, the County has received, or is anticipated to receive, \$795.4 million, which includes the \$200.2 million from the Coronavirus Aid, Relief, and Economic Security ("CARES") Act Coronavirus Relief Fund ("CRF"), \$102.1 million anticipated as a result of approved FEMA reimbursements, \$270.2 million in grants and other awards outlined below, and \$222.9 million anticipated through the America Rescue Plan Act ("ARPA"). In addition, Fairfax County Public Schools ("FCPS") has been awarded funding of \$326.5 million. Stimulus funds provided to the County and FCPS total \$1.12 billion.

The Coronavirus Relief Fund was for expenses incurred between March 1, 2020, and December 31, 2021. The full allocation of \$200.2 million was fully expended, and the final report was submitted to the U.S. Department of Treasury in October 2022. This stimulus funding was 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 \$102.1 million through FEMA. County expenses incurred were for personal protective equipment, plexiglass, disinfectant, non-congregate sheltering, cleaning supplies, mass vaccination expenses, communications expenses and employee COVID-19 testing.

The County has also been awarded \$270.2 million in grants and other awards to support pandemic response efforts. Notable funding allocations were provided to the following areas. The County 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 provided the County approximately \$66.7 million to support the County's contact tracing program, COVID-19 testing, support for community health workers, and the hiring of additional County epidemiologists. Funding of \$25.3 million was awarded from the Child Care Stabilization Grant Fund through ARPA in support of the School-Age Child Care program, the Employee Child Care Center, and the Lee District Preschool and Spring Hill Preschool. The County also received notification that it has been awarded \$71.6 million in Emergency Rental Assistance to aid households unable to pay rent and utilities due to COVID-19. The \$80.6 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.

The County received \$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 of \$111.4 million was received on June 9, 2022, and was included for appropriation by the Board of Supervisors as part of the FY 2022 Carryover Review. Allowable uses of ARPA funds include the response efforts and revenue losses incurred as a result of COVID-19. The County has developed a spending plan that includes expenses relating to public health response, small business assistance, workforce development, affordable housing investments, and Fairfax County Park Authority support. The deadline to spend these funds is December 31, 2024, and they 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 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 1,527 police officers and 328 civilian personnel, with 10 positions supported by grant funding, effective July 1, 2024. 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 1,421 paid uniformed personnel, 202 paid civilian support personnel, and approximately 300 operational volunteers as of July 1, 2024. 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.

The Office of Emergency Management serves as the County’s focal point for emergency preparedness and internal and external coordination to respond to natural, technological, and terrorist-related emergencies. Employees provide emergency management services for Fairfax County, including the Towns of Clifton, Herndon and Vienna. 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.

Certain Other Policies and Planning Documents

Cybersecurity

The County’s Information Security Office (“ISO”) develops Information Technology (IT) Security Policy in accordance with County policies, standards and laws, and provides information security consultation and guidance to County agencies and departments. The ISO also conducts incident response, manages enterprise security devices and applications, and acts on incidents and violations.

The County’s IT Security Policy defines the minimum-security requirements of Fairfax County Government IT Assets, including the managerial, operational, and technical protection requirements and controls to ensure the confidentiality, integrity, and availability of County IT assets; and compliance with requirements of applicable federal, state, and local law and County policies and regulations. The IT Security Policy applies to all County agencies, all existing and future implementations of information systems, communications, other technology and the internet of the Fairfax County Government.

The County maintains a comprehensive cyber insurance coverage policy.

One Fairfax Policy

The County adopted its One Fairfax Policy on November 21, 2017. The One Fairfax Policy defines expectations for consideration of racial and social equity, and in particular, meaningful community

involvement when planning, developing, and implementing policies, practices, and initiatives. It provides a framework to advance equity in alignment with the County’s stated visions and priorities. It helps the County and school leaders to look intentionally, comprehensively, and systematically at barriers that may be creating gaps in opportunity. It establishes shared definitions, focus areas, processes, and organizational structure. The One Fairfax Policy identifies 17 areas of focus to promote equity including community and economic development, housing, education, environment, and transportation.

Countywide Strategic Plan

The County adopted its Countywide Strategic Plan on October 5, 2021. The Strategic Plan establishes a framework to prioritize and integrate the elements that matter most to the County residents, and to find new and innovative ways to provide outstanding services, in an agile, responsive, and equitable manner. Throughout the Countywide Strategic Plan, the following themes continuously emerge: Access, Innovation, Affordability, Collaboration and Engagement, Placemaking and Sustainability.

The Board of Supervisors adopted the Ten Community Outcome Areas that represent the issues of greatest importance to the Fairfax County community as elements of the Strategic Plan. These Ten Community Outcome Areas were based on extensive community input over an 18-month outreach period. The County’s Ten Community Outcome Areas include: Cultural and Recreational Opportunities, Economic Opportunity, Effective and Efficient Government, Empowerment and Support for Residents Facing Vulnerability, Environment, Health, Housing and Neighborhood Livability, Lifelong Education and Learning, Mobility and Transportation, and Safety and Security.

The County adopted a set of Indicators of Community Success and Proposed Strategies for each of the Ten Community Outcome Areas. The County intends to establish baseline data and measure progress over the next 10-20 years, using a set of metrics. More information regarding the Countywide Strategic Plan, including the Strategic Plan annual report, can be found on the County’s website at: <https://www.fairfaxcounty.gov/strategicplan/>

Financial Policies

Information relating to certain material County financial policies is set out under the caption “FINANCIAL INFORMATION – Financial Policies” below.

ECONOMIC FACTORS

Economic Development

Economic development activities of the County are carried out through the Fairfax County Economic Development Authority (“EDA”), whose nine 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 conduit revenue bond financing.

The total inventory of office space in the County was estimated at over 119.7 million square feet as of mid-year 2023. At that time, construction activity totaled approximately 850,000 square feet. The direct vacancy rate for the office market was 17.1 percent as of mid-year 2023. Including sublet space, the office vacancy rate was 18.0 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.

Overall resident employment increased 3.7 percent in 2022 after posting an increase of 2.6 percent in 2021. Resident employment in the County increased by 22,321 in 2022. At place employment in Fairfax County grew by 2.0 percent in 2022, an increase of 13,045 employees over 2021 totals. Federal civilian employment in the County makes up 4.3 percent of the total jobs in the County. Federal employment increased by 0.1 percent in 2022, after an increase of 8.2 percent in 2021. By percentage, the largest increase in at place employment between 2021 and 2022 occurred in the Management of Companies and Enterprises industry sector (13.7%) followed by Accommodation and Food Services (10.7%). County General Fund Revenue increased 4.7 percent in FY 2023 as the County's economy continued to recover from the COVID-19 pandemic. Real estate tax receipts rose 5.4 percent while current personal property tax receipts increased 12.0 percent. Current business professional and occupational license ("BPOL") tax revenue increased 5.8 percent. The combined consultant and business license categories, which represent almost 44 percent of total BPOL receipts and include federal contractors, increased 3.4 percent over the FY 2022 level. The remaining categories increased a combined 12.2 percent. Sales tax receipts rose 3.9 percent over the FY 2022 level.

There are over 120 hotels in the County, totaling over 18,500 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 and beyond 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 the Metrorail expansion through Tysons and beyond 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 2024 Adopted Budget Plans.

Employment

As of the fourth quarter of 2023, there were more than 44,000 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 630,000. 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.

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The following table presents data on the average number of payroll establishments and employment by major industry classification in Fairfax County as of the fourth quarter of 2023.

**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	20	83
Mining, quarrying, and oil and gas extraction	10	72
Utilities	28	1,361
Construction	2,401	24,957
Manufacturing	536	5,396
Wholesale Trade	1,077	13,541
Retail Trade	2,426	49,987
Transportation and Warehousing	442	11,634
Information	1,008	22,068
Finance and Insurance	1,669	22,240
Real Estate and Rental and Leasing	1,916	9,719
Professional and Technical Services ²	10,887	161,351
Management of Companies and Enterprises	405	24,848
Administrative and Waste Services	2,101	45,971
Educational Services	732	11,113
Health Care and Social Assistance	4,678	69,561
Arts, Entertainment, and Recreation	460	6,869
Accommodation and Food Services	2,366	44,453
Other Services except Public Administration	4,940	19,053
Unclassified	801	1,683
Federal Government, all industries	156	28,069
State Government, all industries	39	9,760
Local Government, all industries	<u>86</u>	<u>48,588</u>
Total	39,184	632,377

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, Fairfax County, quarter of 2023

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.

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The following is a list of the 10 largest private, base sector (non-retail) employers as of January 2024. 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, Technical Services
Booz Allen Hamilton*	Professional, Technical Services
Capital One*	Financial Services
General Dynamics*	Professional, Technical Services
Federal Home Loan Mortgage*	Financial Services
Inova Health System*	Health Care Services
SAIC*	Professional, Technical Services

1,000-4,999 Employees

<u>Company Name</u>	<u>Type of Business</u>
MITRE Corporation*	Professional, Scientific and Technical Services
Navy Federal Credit Union*	Financial and Banking Services/Credit Unions
Peraton*	Professional, Scientific and Technical Services

Sources: Virginia Works, Virginia Employment Commission LMI, and Fairfax County Economic Development Authority, third quarter of 2023. Some companies may report jobs out of a Fairfax County location but jobs may be located elsewhere. Companies are in alphabetical order within ranges.

*Company with headquarters in Fairfax County.

A list of the top ten new or expanded office projects within the County announced in FY 2023 is shown below.

New or Expanded Commercial Projects

<u>Name of Company</u>	<u>Type of Business</u>	<u>Projected New/Additional Employment</u>
Hilton Hotels Corporation	Hospitality Services	1,150
SmartRoof	Energy	410
22nd Century Technologies Inc	Information Technology	215
Pangiam	Homeland Security	201
Avantus Federal	Information Technology	185
Amentum	Information Technology	157
AMPCUS, Inc.	Information Technology	130
Enabled Intelligence, Inc.	Artificial Intelligence/Machine Learning	117
KBR, Inc.	Architecture/Engineering/Landscape	117
Converged Security Solutions (CSS)	Information Technology	104

Source: Fairfax County Economic Development Authority

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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

Calendar Year	Fairfax County	Virginia	United States
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	3.5	3.9	5.3
2022	2.5	2.9	3.6
2023	2.5	2.9	3.7
2024 ¹	2.2	2.6	3.9

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

¹ The calendar year 2024 data represents the average unemployment rate from January 1, 2024, to March 31, 2024.

According to the Bureau of Labor Statistics, the average total number of jobs in the County was 637,903 in the second quarter of 2023. Self-employed persons are not included in these counts. The following table presents total covered employment in recent years:

Covered Employment¹

Second Quarter	Covered Employment in Fairfax County	% Change
2014	588,507	-
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
2022	616,495	1.91
2023	637,903	3.47

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.

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Construction Activity

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

Fiscal Year	Building Permits				Estimated Housing Units Started
	Residential Properties		Industrial and Commercial Properties		
	Number ¹	Estimated Value (000s)	Number ¹	Estimated Value (000s)	
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
2022	13,499	1,154,965	3,556	605,491	2,612
2023	9,925	755,497	3,616	904,085	3,488

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

Single-family detached housing units represented 45.6% of the total housing units within Fairfax County in 2023. Single-family attached housing accounted for 24.1%, and multi-family housing made up the remaining 30.3% in 2023. The median market value of all owned housing units, including condominiums, in Fairfax County in 2023 was estimated by the Department of Management and Budget to be \$661,564.

	Housing Units by Type of Structure							
	2000		2010		2020		2023	
	No.	%	No.	%	No.	%	No.	%
Single-Family:								
Detached ¹	181,591	50.6	191,873	48.4	196,238	46.3	196,975	45.6
Attached ²	87,171	24.3	98,972	25.0	101,893	24.0	104,331	24.1
Multi-Family ³	90,198	25.1	105,541	26.6	125,956	29.7	130,952	30.3
Total	358,960	100.0	396,386	100.0	424,087	100.0	432,258	100.0

Sources: U.S. Bureau of the Census, U.S. Census of Housing (2000); 2010, 2020 and 2023 data from Fairfax County Department of Management and Budget. The 2000 and 2010 estimates do not include housing units located in Fort Belvoir.

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 June 2023 with June 2024, is listed below:

Average Sale Price Housing Units

<u>Type of Structure</u>	<u>June 2024</u>	<u>June 2023</u>	<u>% change</u>
All Homes	\$885,650	\$819,795	8.0%
Detached Homes	1,176,205	1,095,924	7.3
Attached Homes	553,810	511,599	8.3

Source: Fairfax County Department of Management and Budget Economic Indicators – July 2024

Colleges and Universities

Seventeen 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, Trine University (Reston Education Center), 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. The Northern Virginia Center is a satellite location for University of Virginia and Virginia Tech degree programs 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, 2023, the County had outstanding the following amounts of general obligation bonds:

<u>Purpose</u>	<u>Total General Obligation Bonds</u>
School	\$1,569,082,100
General Government	947,712,900
Total General Obligation Bonded Indebtedness ¹	<u>\$2,516,795,000</u>

Source: Fairfax County Annual Comprehensive Financial Report FY 2023

¹ See “Debt Administration – Debt Service on Tax Supported Debt Obligations” herein for outstanding debt service as of August 20, 2024.

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 five-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 Fairfax County Public School System 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 were included as part of the FY 2024 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 Combined 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.

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Bond Referenda Authorization

The following chart presents by purpose Fairfax County's authorized but unissued general obligation bond indebtedness as of August 20, 2024:

<u>Authorized Purpose</u>	<u>Principal Amount Authorized but Unissued as of August 20, 2024</u>
School Improvements	\$767,260,000
Public Safety Facilities	219,350,000
Transportation Improvements and Facilities	32,640,000
Parks and Park Facilities	99,070,000
Human Services Facilities	133,025,000
Library Facilities	86,000,000
Total	<u>\$1,337,345,000</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 (described below). In June 2022, the Series 2012A Bonds were redeemed as a whole.

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 (described below).

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 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. On November 17, 2022, the County prepaid \$38,464,783 of the TIFIA Loan principal, and on October 2, 2023, the County prepaid \$27,700,000 of the TIFIA Loan principal. As of June 30, 2023, the outstanding balance on the TIFIA Loan, including accrued interest, was \$398,909,166.

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). 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 November 2023, EDA issued \$41,350,000 of Fairfax County Facilities Revenue Bonds Series 2023 (Tysons Community Center Project) (Federally Taxable) (the "2023 Tysons Community Center Bonds"). The 2023 Tysons Community Center Bonds were issued to provide short-term interim financing for the costs of the acquisition, construction and improvement of a public community center to be located at The Exchange at Spring Hill Station in Tysons, Virginia, and known as the Tysons Community Center. The County is obligated by a contract with EDA to pay amounts equal to debt service on the 2023 Tysons Community Center 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, if and to the extent that provision for payment is not made from (as the County currently anticipates) the proceeds of long-term or further interim financing or from other sources sufficient to pay the principal of and interest on the 2023 Tysons Community Center Bonds. The final maturity of the 2023 Tysons Community Center Bonds is October 1, 2024. The 2023 Tysons Community Center Bonds are expected to be paid at their maturity with proceeds of the Series 2024 Bonds (together with other funds provided by the County), as defined and described in the front portion of this Official Statement.

On February 14, 2024, the County entered into a master credit agreement with EDA and Wells Fargo Municipal Capital Strategies, LLC (the "Bank"), under which the Bank provides the County with a revolving line credit of up to \$90,000,000 to provide short-term interim financing for the redevelopment of the Original Mount Vernon High School or for other capital projects approved by the Board of Supervisors. Repayment of principal and interest due from time to time on the line of credit is subject to the annual appropriation by the Board of Supervisors of sufficient funds for such purpose, if and to the extent that provision for payment is not made from the proceeds of long-term or further interim financing or from other sources.

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 \$4.7 million in FY 2023. An additional \$23 million in NVTC commuter rail revenue bonds were issued in early 1997 to purchase

new rail coaches. Debt service on the 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 its Transportation Contract Revenue Refunding Bonds (Route 28 Project), Series 2012A (the “2012 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 February 17, 2022, EDA issued its Transportation Contract Revenue Refunding Bonds (Route 28 Project) Series 2022A, to defease or redeem all of the outstanding 2012 Bonds. On October 18, 2023, EDA defeased a portion of the Series 2016 Bonds in the principal amount of \$6,035,000.

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. On April 1, 2020, the County defeased a portion of the Series 2016 Bonds in a principal amount of \$17,495,000, and on May 17, 2022, the county defeased a portion of the Series 2016 Bonds in a principal amount of \$4,780,000. 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 Board. 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 August 20, 2024.

Fiscal Year Ending June 30	General Obligation Bonds		Other Tax Supported Debt Obligations		
	<u>Principal</u>	<u>Interest¹</u>	<u>Principal²</u>	<u>Interest</u>	<u>Total³</u>
2025	\$237,435,000	\$97,712,957	\$23,615,000	\$13,754,667	\$372,517,624
2026	227,075,000	85,732,429	28,937,500	14,716,277	356,461,206
2027	219,175,000	76,552,212	29,150,000	13,736,524	338,613,736
2028	206,825,000	67,898,015	29,740,000	12,727,687	317,190,703
2029	194,275,000	59,878,803	30,360,000	11,681,806	296,195,608
2030	183,175,000	52,386,550	30,915,000	10,624,074	277,100,624
2031	168,645,000	45,678,610	31,555,000	9,575,631	255,454,241
2032	159,675,000	39,579,894	32,185,000	8,490,809	239,930,703
2033	148,895,000	33,809,327	31,105,000	7,361,425	221,170,752
2034	137,770,000	28,700,650	30,840,000	6,262,498	203,573,148
2035	123,765,000	24,156,197	28,930,000	5,166,412	182,017,609
2036	111,905,000	19,958,809	13,845,000	4,320,760	150,029,570
2037	102,450,000	16,007,350	14,450,000	3,715,656	136,623,006
2038	91,035,000	12,290,450	14,790,000	3,090,789	121,206,239
2039	80,055,000	9,101,900	14,160,000	2,410,900	105,727,800
2040	69,320,000	6,481,775	14,875,000	1,685,025	92,361,800
2041	58,590,000	4,398,200	10,585,000	1,089,950	74,663,150
2042	45,805,000	2,710,650	11,040,000	633,875	60,189,525
2043	32,180,000	1,287,200	2,540,000	337,500	36,344,700
2044	16,090,000	321,800	2,670,000	207,250	19,289,050
2045-2053	-	-	<u>2,810,000</u>	<u>70,250</u>	<u>2,880,250</u>
Total ³	<u>\$2,614,140,000</u>	<u>\$684,643,778</u>	<u>\$429,097,500</u>	<u>\$131,659,764</u>	<u>\$3,859,541,042</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 Excludes debt service on the EDA’s 2023 Tysons Community Center Bonds, which are expected to be defeased on the closing date for the Series 2024 Bonds with proceeds of the Series 2024 Bonds (together with other funds provided by the County), as defined and described in the front portion of this Official Statement. See “– Other Tax Supported Debt Obligations.”

³ 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. On April 11, 2024, the County issued its Sewer Revenue Bonds, Series 2024A (the "2024 Sewer 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.

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 was fully repaid 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, 2023, the County’s share of UOSA’s outstanding debt was \$225.1 million.

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The debt service on the County's outstanding sewer revenue bonds, as of June 30, 2024, and its subordinated obligations payable for capacity under its contract with UOSA is reflected in the following table. Debt service on such sewer revenue bonds and other sewer obligations are not general obligations of the County and are payable solely from the revenues of the Integrated Sewer System and other amounts available for such purpose under the General Bond Resolution.

Fiscal Year Ending June 30	<u>Sewer Revenue Bonds</u>		<u>Other Sewer Debt Service Obligations^{1,2}</u>	
	<u>Principal</u>	<u>Interest</u>	<u>UOSA³</u>	<u>Total⁴</u>
2025	\$16,935,000	\$24,390,980	\$21,751,418	\$63,077,398
2026	19,605,000	25,022,406	28,903,833	73,531,239
2027	20,530,000	24,124,981	22,356,232	67,011,213
2028	21,440,000	23,211,906	22,348,390	67,000,296
2029	22,335,000	22,326,331	22,353,171	67,014,502
2030	17,315,000	21,461,606	10,184,933	48,961,539
2031	18,210,000	20,573,481	10,191,799	48,975,281
2032	19,140,000	19,639,731	10,186,510	48,966,242
2033	20,075,000	18,709,431	10,118,059	48,902,490
2034	20,960,000	17,824,456	9,878,908	48,663,364
2035	21,850,000	16,932,253	9,810,557	48,592,810
2036	22,790,000	15,993,663	9,809,560	48,593,223
2037	23,235,000	15,024,275	9,810,157	48,069,432
2038	24,225,000	14,035,325	9,809,879	48,070,204
2039	25,260,000	12,996,250	9,878,459	48,134,709
2040	27,050,000	11,943,525	9,879,045	48,872,570
2041	18,950,000	11,013,350	8,726,503	38,689,853
2042	19,805,000	10,159,475	4,292,000	34,256,475
2043	20,735,000	9,227,350	4,290,291	34,252,641
2044	17,020,000	8,306,200	2,261,109	27,587,309
2045-2055	<u>168,290,000</u>	<u>36,445,450</u>	<u>20,403,758</u>	<u>225,139,208</u>
Total ⁴	<u>\$585,755,000</u>	<u>\$379,362,427</u>	<u>\$267,244,572</u>	<u>\$1,232,361,999</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 The County has fully repaid its 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.

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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>
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	2,847,733	292,983,675	0.97
2023	2,919,763	318,082,436	0.92
2024 ³	3,116,152	332,366,424	0.94
2025 ³	3,288,567	343,359,939	0.96

Sources: Fairfax County Annual Comprehensive Financial Reports FY 2016-2023 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, reflects the original book value, and does not reflect any adjustments made during the fiscal year.

³Estimate from the FY 2025 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
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	2,819,718	1,170	2,410	88,971	2.71
2022	2,847,733	1,173	2,428	94,677	2.56
2023	2,919,763	1,173	2,489	94,677	2.63
2024 ⁴	3,116,152	1,173	2,657	94,677	2.81
2025 ⁴	3,288,567	1,173	2,804	94,677	2.96

Sources: Fairfax County Annual Comprehensive Financial Report FY 2023 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 As estimated by Fairfax County Demographic Research. See "General Description – Population" above.

³ Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce, and Fairfax County Department of Management and Budget 2015-2023 Estimates. The Cities of Fairfax and Falls Church were not included.

⁴ Estimate from the FY 2025 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
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	331,034	4,750,272	6.97
2023	338,053	5,093,558	6.64
2024 ²	361,313	5,421,454	6.66
2025 ²	378,836	5,460,704	6.94

Sources: Fairfax County Annual Comprehensive Financial Report FY 2023 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 2025 Adopted Budget Plan via the Fairfax County Department of Management and Budget. Fiscal year property taxes are levied on prior year assessments.

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Underlying Bonded Indebtedness

The following table shows the underlying bonded indebtedness of towns within the boundaries of Fairfax County as of June 30, 2023:

Town of Vienna ¹	General Obligation Bonds	\$61,723,432
Town of Herndon ¹	General Obligation and Public Improvement Notes	<u>9,428,948</u>
Total Underlying Bonded Indebtedness		<u>\$71,152,380</u>

Source: Fairfax County Annual Comprehensive Financial Report FY 2023

¹Underlying Bonded Indebtedness for Fiscal Year 2023 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.

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 363,000 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 2022 (FY 2023) was 3.8%, 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 2025 of the real estate tax base, as reported for calendar year 2024 assessments in the main tax book for Fairfax County, increased by 2.73% 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>
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	270,042,399,071	19,359,424,063	289,401,823,134
2023 ²	292,750,682,028	21,052,881,497	313,803,563,525
2024 ²	311,447,039,950	20,919,384,056	332,366,424,006
2025 ²	320,741,417,935	22,618,520,691	343,359,938,626

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 2025 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)

<u>Tax Category</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Real Estate – Regular and Public Service	\$1.09	\$1.13	\$1.13	\$1.15	\$1.15	\$1.15	\$1.14	\$1.11	\$1.095	\$1.125
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	1.09	1.13	1.13	1.15	1.15	1.15	1.14	1.11	1.095	1.125
Personal Property – Machinery and Tools	4.57	4.57	4.57	4.57	4.57	4.57	4.57	2.00	2.00	2.00
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	1.09	1.13	1.13	1.15	1.15	1.15	1.14	1.11	1.095	1.125
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 2016-FY 2025

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>
2016	18.67
2017	18.89
2018	19.12
2019	19.43
2020	19.66
2021	19.72
2022	18.17
2023	17.00
2024	16.16
2025	15.58

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.

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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, 2024.

**Top 25
Holders of Real Property in Fairfax County
As of January 1, 2024**

Rank	Property Owner	Property Type	Total Assessment¹
1	Tysons Corner Property Holdings LLC	Tysons Corner Regional Shopping Mall	\$1,676,981,960
2	Capital One Bank	Office	892,767,230
3	Washington Gas Light Company	Public Utility	582,907,322
4	Amazon Data Services Inc.	Data Center	509,636,980
5	Reston Corporate Center LP	Commercial & Retail	453,951,730
6	Camden Summit Partnership LP	Apartments	439,522,040
7	Tysons Galleria LLC	Commercial & Retail	367,943,960
8	PR Springfield Town Center LLC	Springfield Town Center	337,769,890
9	Federal Home Loan Mortgage Corporation	Office	324,615,260
10	Inova Health Care Services	Health Care	312,565,950
11	South of Market LLC	Office	292,718,100
12	Coresite Real Estate 12100	Office	281,975,000
13	Mitre Corporation	Office	281,608,860
14	Reston Town Center Property LLC	Commercial & Retail	279,010,380
15	Home Properties Mount Vernon LLC	Apartments and Office	265,669,640
16	Fairfax Company of Virginia LLC	Fair Oaks Mall	256,905,160
17	Federal Realty Partners LP	Commercial and Apartments	255,186,380
18	COPT Stonecroft LLC	Office	252,726,310
19	Virginia Electric & Power Company	Office	249,032,974
20	7931 Patriot Drive VA Owner LLC	Apartments	247,708,140
21	CRS RR Holdings LLC	Office	246,540,660
22	Federal Realty Partners LP	Commercial	243,394,200
23	WashReit Riverside Apartments LLC	Apartments	241,738,380
24	Home Properties Orleans Village LLC	Apartments	236,317,600
25	Tysons Corner Office I LLC	Office	236,071,600
Total			\$9,765,265,706

Source: Fairfax County Department of Tax Administration, January 1, 2024, tax rolls

¹ As of January 1, 2024, the assessed value of the real property of the 25 largest holders of real property in the County represented 3.045% of the total assessed value of all real property in Fairfax County, excluding tax-exempt properties. January 1, 2024, assessments generate tax revenue in FY 2025.

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

Fiscal Year	<u>Total Levy</u>¹	<u>Current Collections</u>²	<u>% of Total Levy Collected</u>³	<u>Collection of Delinquent Taxes</u>	<u>Total Current & Delinquent Taxes</u>⁴	<u>% of Total Levy & Delinquent Taxes</u>
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	3,658,781,457	3,641,518,792	99.53	23,787,231	3,665,306,023	100.18
2022	3,744,425,601	3,719,041,139	99.32	23,100,952	3,742,142,091	99.94
2023	3,988,982,316	3,977,111,251	99.70	47,707,814	4,024,819,065	100.90
2024	4,143,226,325	4,119,750,738	99.43	42,300,221	4,162,050,959	100.45
2025	4,406,196,810	4,380,622,880	99.42	43,200,221	4,423,823,101	100.40

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 2016 through FY 2023 from Fairfax County Department of Management and Budget; FY 2024 and FY 2025 are estimates per the FY 2025 Adopted Budget Plan via the Department of Management and Budget and Department of Tax Administration.

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, 2023, of the revenues, expenditures, and fund balances accounted for in the County's General Fund.

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	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
REVENUES					
Taxes	\$3,747,031,873	\$3,875,613,475	\$3,987,017,016	\$4,124,173,610	\$4,388,203,709
Permits, fees, and licenses	55,876,219	54,006,590	57,091,315	59,623,124	9,840,841
Intergovernmental	358,732,841	418,199,405	492,467,179	420,838,030	443,076,170
Charges for services	85,564,413	72,748,807	37,731,261	57,300,241	64,757,492
Fines and forfeitures	15,223,620	12,289,139	6,294,096	8,258,033	9,180,575
Use of money and property	75,360,724	67,158,752	25,774,719	19,712,105	128,629,518
Recovered costs	10,573,978	7,586,746	8,502,496	7,739,784	10,221,650
Gifts, donations, and contributions	<u>1,352,426</u>	<u>1,994,833</u>	<u>612,547</u>	<u>663,933</u>	<u>750,993</u>
Total revenues	<u>\$4,349,716,094</u>	<u>\$4,509,597,747</u>	<u>\$4,615,490,629</u>	<u>\$4,698,308,860</u>	<u>\$5,054,660,948</u>
EXPENDITURES					
Current:					
General government administration	\$165,860,066	\$196,985,197	\$204,608,479	\$179,535,837	\$183,535,889
Judicial administration	60,449,751	62,189,796	61,256,531	67,398,758	75,491,790
Public safety	712,268,123	721,459,588	734,927,745	762,223,533	790,523,334
Public works	95,769,815	90,578,294	93,498,804	76,378,773	82,056,184
Health and welfare	412,322,298	430,321,393	378,540,159	399,379,528	445,737,271
Community development	67,543,752	69,654,301	88,912,424	106,855,793	79,907,759
Parks, recreation, and cultural	40,003,747	40,154,412	38,033,431	44,475,067	43,971,560
Intergovernmental:					
Community development	11,424,718	13,698,538	67,192,619	12,727,791	50,829,768
Parks, recreation, and cultural	35,656,948	35,316,698	37,909,623	40,387,304	48,872,049
Education - for Public Schools	2,067,345,801	2,149,231,439	2,156,536,123	2,185,874,587	2,307,977,486
Capital outlay:					
General government administration	21,822,724	17,997,369	23,472,494	26,641,908	30,408,448
Judicial administration	88,925	105,483	116,469	740,353	182,762
Public safety	2,385,861	2,563,235	1,721,862	2,571,769	44,692,592
Public works	216,212	39,018	86,002	83,029,734	26,974,884
Health and welfare	404,267	227,738	2,590,446	1,461,599	386,638
Community development	75,194	85,833	27,083	137,312	180,543
Parks, recreation, and cultural	4,091,628	4,369,355	4,374,410	5,690,186	5,347,728
Debt service:					
Principal retirement	876,157	885,815	895,579	12,946,009	15,424,918
Interest and other charges	<u>49,366</u>	<u>39,708</u>	<u>29,944</u>	<u>1,011,614</u>	<u>1,604,164</u>
Total expenditures	<u>\$3,698,655,353</u>	<u>\$3,835,903,210</u>	<u>\$3,894,730,227</u>	<u>\$4,009,467,455</u>	<u>\$4,234,105,767</u>
Revenues over (under) expenditures	\$651,060,741	\$673,694,537	\$720,760,402	\$688,841,405	\$820,555,181
Transfers in	6,753,319	13,276,664	7,139,163	20,330,481	15,892,936
Transfers out	(601,828,488)	(613,961,660)	(651,171,626)	(740,804,424)	(859,452,246)
Notes issued	-	-	-	-	27,669,545
Leases	-	-	-	83,387,391	38,075,822
Total other financing sources (uses)	<u>(\$595,075,169)</u>	<u>(\$600,684,996)</u>	<u>(\$644,032,463)</u>	<u>(\$637,086,552)</u>	<u>(\$777,813,943)</u>
Net change in fund balances	55,985,572	73,009,541	76,727,939	51,754,853	42,741,238
Beginning Fund Balance	478,824,271	534,809,843	607,819,384	684,547,323	736,302,176
Ending Fund Balance	<u>\$534,809,843</u>	<u>\$607,819,384</u>	<u>\$684,547,323</u>	<u>\$736,302,176</u>	<u>\$779,043,414</u>

Source: Fairfax County Annual Comprehensive Financial Reports for the fiscal years ended June 30, 2019-2023, 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 2025 Adopted Budget Plan, the Managed Reserve fully is fully funded at \$218.43 million (4%), the Revenue Stabilization Fund is fully funded at \$276.89 million (5%), and the Economic Opportunity Reserve is fully funded at \$54.61 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 2023, the County's average portfolio size (which includes investments in the General Fund, Special Revenue Funds, and Enterprise Funds) was approximately \$4.8 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, 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 2019 through FY 2023:

General Fund Revenues, Transfers In, and Beginning Fund Balance

	2019	2020	2021	2022	2023
General Property Taxes	\$3,218,786,090	\$3,339,797,219	\$3,437,912,778	\$3,528,543,616	\$3,778,937,685
Other Local Taxes	528,245,783	535,816,256	549,104,238	595,629,994	609,266,024
Permits, fees, and licenses	55,876,219	54,006,590	57,091,315	59,623,124	9,840,841
Intergovernmental	358,732,841	418,199,405	492,467,179	420,838,030	443,076,170
Charges for Services and Recovered Costs	96,138,391	80,335,553	46,233,757	65,040,025	74,979,142
Fines and Forfeitures	15,223,620	12,289,139	6,294,096	8,258,033	9,180,575
Use of money and property	75,360,724	67,158,752	25,774,719	19,712,105	128,629,518
Miscellaneous	1,352,426	1,994,833	612,547	663,933	750,993
Transfers In	6,753,319	13,276,664	7,139,163	20,330,481	15,892,936
Beginning Fund Balance	<u>478,824,271</u>	<u>534,809,843</u>	<u>607,819,384</u>	<u>684,547,323</u>	<u>736,302,176</u>
Total	<u>\$4,835,293,684</u>	<u>\$5,057,684,254</u>	<u>\$5,230,449,176</u>	<u>\$5,403,186,664</u>	<u>\$5,806,856,060</u>

Source: Fairfax County Annual Comprehensive Financial Reports for FY 2019-2023

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General Fund Expenditures and Transfers Out

	2019	2020	2021	2022	2023
Transfer to School Operating Fund	\$2,067,259,207	\$2,149,116,697	\$2,156,422,211	\$2,185,761,166	\$2,307,864,236
Costs of General County Government	1,766,730,529	1,833,362,498	1,885,524,035	1,973,865,167	2,091,687,009
Transfer to Debt Service Funds	340,433,977	329,741,798	329,222,805	328,435,654	333,541,521
Transfer to Capital Project Funds	51,062,674	39,119,032	47,919,734	109,081,314	168,215,204
Transfer to Metro Construction and Operations Fund	20,695,098	43,950,424	43,950,424	43,950,424	53,046,270
Other Transfers	<u>54,302,356</u>	<u>54,574,421</u>	<u>82,862,640</u>	<u>109,178,154</u>	<u>139,203,773</u>
Total	<u>\$4,300,483,841</u>	<u>\$4,449,864,870</u>	<u>\$4,545,901,849</u>	<u>\$4,750,271,879</u>	<u>\$5,093,558,013</u>

Source: Fairfax County Annual Comprehensive Financial Reports for FY 2019-2023

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 74.8% of total General Fund revenues in FY 2023. 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 2023 was 79.0%. 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 2023 were \$771.0 million, comprised of \$559.70 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 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 12.1% of total General Fund revenues in FY 2023.

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 0.2% of total General Fund revenues for FY 2023.

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 0.2% of General Fund revenues in FY 2023.

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 2.5% of General Fund revenues in FY 2023.

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 1.5% of General Fund revenues in FY 2023.

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 8.8% of General Fund revenues in FY 2023. 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 6.3% of total General Fund revenues in the fiscal year ended June 30, 2023. Excluding this reimbursement, revenue from this category represented 2.1% of General Fund revenue in FY 2023. 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 2.3% of General Fund revenues in FY 2023.

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 2023.

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 revenues in FY 2023.

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 45.3% of total disbursements from the General Fund in the fiscal year ended June 30, 2023. The transfer to the School Operating Fund was approximately 65.9% 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 41.1% of total General Fund disbursements in FY 2023.

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 6.5% of total General Fund disbursements in FY 2023. 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 and 2021D 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 3.3% of total General Fund disbursements in FY 2023.

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 2023. 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 2.7% of total General Fund disbursements in FY 2023.

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 33.8% of the total fund balance in the General Fund as of June 30, 2023.

FY 2024 Budget

On May 9, 2023, the Board of Supervisors approved the FY 2024 Adopted Budget Plan. This budget was based on total revenues of \$5.11 billion, which is an increase of 7.00 percent over the FY 2023 Adopted Budget Plan. Residential equalization increased 6.97 percent and commercial equalization increased 1.65 percent, resulting in an overall 6.59 percent increase in real estate values. The County's real estate tax rate was reduced from \$1.11 per \$100 of assessed value to \$1.095 per \$100 of assessed value. The Board of Supervisors also provided relief from rising car values, with respect to the Personal Property Tax, by reducing the vehicle assessment ratio from 100 percent to 90 percent of trade-in value.

FY 2024 General Fund Adopted Disbursements total \$5.11 billion, which is a 6.99 percent increase above the FY 2023 Adopted Budget Plan. County support to Fairfax County Public Schools is equal to \$2.64 billion, which is a 6.02 percent increase over the FY 2023 Adopted Budget Plan, and 52.2 percent of FY 2024 Disbursements. Also, funding provided for a 5.44 percent market rate adjustment and performance increases for all County employees. The FY 2024 Carryover Review, which provides preliminary results for the prior fiscal year, was presented to the Board of Supervisors on July 30, 2024. County revenues exceeded the FY 2024 Third Quarter Review by approximately \$71.6 million due primarily to additional interest on investments, property taxes, and federal revenues related to human services. Expenditure savings from departmental operating budgets, net of encumbrances, equate to approximately \$60.5 million. The resulting \$132.1 million available balance is proposed to primarily fund one-time allocations to capital projects, the County's sinking fund, and other Board priorities. The Board of Supervisors is anticipated to adopt the FY 2024 Carryover Review on September 24, 2024.

FY 2025 Budget

On May 7, 2024, the Board of Supervisors approved the FY 2025 Adopted Budget Plan. The budget plan was based on total revenues of \$5.44 billion, which is an increase of 6.77 percent over the FY 2024 Adopted Budget Plan. Residential equalization increased 2.86 percent, and commercial equalization decreased 1.24 percent, resulting in an overall equalization increase of 1.91 percent. After factoring in a growth factor increase of 0.82 percent, the total increase in the County's real estate tax base is 2.73 percent. The County's real estate tax rate increased from \$1.095 per \$100 of assessed value to \$1.125 per \$100 of assessed value. Personal Property Tax revenue will increase 9.6 percent and assumes a vehicle assessment ratio of 100 percent.

FY 2025 General Fund Disbursements total \$5.45 billion, which is a 6.77 percent increase over the FY 2024 Adopted Budget Plan. The County's support to Fairfax County Public Schools is \$2.81 billion, which is a 6.60 percent increase over the FY 2024 Adopted Budget Plan, and 51.51 percent of total disbursements. The budget would also fund compensation for County employees including performance/merit/longevity increases, a 2 percent market rate adjustment, and benchmark adjustments, and would fully fund the first year of compensation per Public Safety collective bargaining agreements. Further, targeted investments in Board priorities are included for transportation, parks, environmental initiatives, and funding adjustments for contract rate increases.

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 \$400 million per year. The CIP for fiscal years 2025-2029 (along with estimates for fiscal years 2030 to 2034) was approved by the Board of Supervisors on April 30, 2024. 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 2025-2034 totaling \$13.3 billion is anticipated for the County, in addition to \$1.1 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 \$14.3 billion from FY 2025-2034.

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. On January 25, 2022, the Board held a public hearing on, and then adopted, the prevailing wage ordinance.

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, 2022, membership in the reporting entities' plans consisted of the following:

Description	Primary Government			Component Unit – Public Schools
	ERS	PORS	URS	
Retirees and beneficiaries receiving benefits	10,641	1,317	1,583	13,747
Terminated employees entitled to, but not yet receiving, benefits	2,475	88	124	6,067
Deferred Retirement Option Plan participants	734	73	136	N/A
Active employees	13,943	1,299	1,868	22,916

Source: Fairfax County Annual Comprehensive Financial Report for FY 2023

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 68.8 percent including business type activities, FCPS 26.3 percent, EDA 0.4 percent, FCRHA 1.4 percent, FCPA 3.1 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, 2023, was 28.88 percent of annual covered payroll. The employer contribution made during the measurement period of the liability was \$229,114,059. The FY 2023 employer contribution totaled \$266,535,889.

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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	2023
Total Pension Liability	
Service cost	\$119,242
Interest	422,967
Changes in benefit terms	-
Differences between expected and actual experience	236,424
Changes of assumptions	
Benefit payments, including refunds of member contributions	<u>(371,807)</u>
Net change in total pension liability	406,826
Total pension liability – beginning	<u>6,329,809</u>
Total pension liability – ending	<u>\$6,736,635</u>
Plan Fiduciary Net Position	
Contributions – employer	\$229,114
Contributions – member	40,269
Net investment income	(184,212)
Benefit payments, including refunds of member contributions	(371,807)
Administrative expense	<u>(2,477)</u>
Net change in plan fiduciary net position	(289,113)
Plan fiduciary net position – beginning	<u>\$5,146,232</u>
Plan fiduciary net position – ending	<u>\$4,857,119</u>
Net pension liability – ending	<u>\$1,879,516</u>
Plan fiduciary net position as a percentage of the total pension liability	72.1%
Covered employee payroll	\$793,331
Net pension liability as a percentage of covered employee payroll	236.91%

Source: Fairfax County Annual Comprehensive Financial Report for FY 2023

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, 2023.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2023, was 46.04 percent of annual covered payroll. The employer contribution made for the measurement period of the liability was \$52,066,100. The FY 2023 employer contribution totaled \$57,592,394.

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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	2023
Total Pension Liability	
Service cost	\$35,635
Interest	134,451
Differences between expected and actual experience	109,416
Changes in assumptions	
Benefit payments, including refunds of member contributions	<u>(98,631)</u>
Net change in total pension liability	180,871
Total pension liability – beginning	<u>2,004,738</u>
Total pension liability – ending	<u>\$2,185,609</u>
Plan Fiduciary Net Position	
Contributions – employer	\$52,066
Contributions – member	10,242
Net investment income	15,536
Benefit payments, including refunds of member contributions	(98,631)
Administrative expense	<u>(664)</u>
Net change in plan fiduciary net position	(21,451)
Plan fiduciary net position – beginning	<u>1,808,189</u>
Plan fiduciary net position – ending	<u>\$1,786,738</u>
Net pension liability – ending	<u>\$398,871</u>
Plan fiduciary net position as a percentage of the total pension liability	81.75%
Covered employee payroll	\$113,089
Net pension liability as a percentage of covered employee payroll	352.71%

Source: Fairfax County Annual Comprehensive Financial Report for FY 2023

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, 2023, was 39.31 percent of annual covered payroll. The employer contribution made for the measurement period of the liability was \$65,793,238. The FY 2023 employer contribution totaled \$75,989,155.

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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	2023
Total Pension Liability	
Service cost	\$44,932
Interest	163,743
Differences between expected and actual experience	136,998
Changes in assumptions	
Benefit payments, including refunds of member contributions	<u>(124,617)</u>
Net change in total pension liability	221,056
Total pension liability – beginning	<u>2,442,189</u>
Total pension liability – ending	<u>\$2,663,245</u>
Plan Fiduciary Net Position	
Contributions – employer	\$65,793
Contributions – member	12,071
Net investment income	(193,071)
Benefit payments, including refunds of member contributions	(124,617)
Administrative expense	<u>(665)</u>
Net change in plan fiduciary net position	(240,489)
Plan fiduciary net position – beginning	<u>2,165,026</u>
Plan fiduciary net position – ending	<u>\$1,924,537</u>
Net pension liability – ending	<u>\$738,708</u>
Plan fiduciary net position as a percentage of the total pension liability	72.26%
Covered employee payroll	\$167,370
Net pension liability as a percentage of covered employee payroll	<u>441.36%</u>

Source: Fairfax County Annual Comprehensive Financial Report for FY 2023

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 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 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 6.70 percent for fiscal year 2023. Employer contributions to the pension plan were \$117,155,967 and \$111,119,456 for the years ended June 30, 2023, and June 30, 2022, 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, 2019, valuation recommended that the contribution rate for the two-year period beginning July 1, 2021, to June 30, 2023, be increased from 6.44 percent to 6.70 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	2023
Total Pension Liability	
Service cost	\$92,063
Interest	268,463
Changes of Benefit Terms	-
Differences between expected and actual experience	(5,133)
Changes of assumptions	133,042
Benefit payments, including refunds of member contributions	<u>(198,655)</u>
Net change in total pension liability	289,780
Total pension liability – beginning	<u>3,710,208</u>
Total pension liability – ending	<u>\$3,999,988</u>
Plan Fiduciary Net Position	
Contributions – employer	\$111,119
Contributions – member	50,017
Net investment income	(232,237)
Benefit payments, including refunds of member contributions	(198,655)
Administrative expense	<u>(4,481)</u>
Net change in plan fiduciary net position	(274,237)
Plan fiduciary net position – beginning	<u>3,272,147</u>
Plan fiduciary net position – ending	<u>\$2,997,910</u>
Net pension liability – ending	<u>\$1,002,078</u>
Plan fiduciary net position as a percentage of the total pension liability	74.95%
Covered employee payroll	\$1,658,499
Net pension liability as a percentage of covered employee payroll	<u>60.43%</u>

Source: Fairfax County Annual Comprehensive Financial Report for FY 2023

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, 2022, 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, 2023. Employer contributions to the pension plan were \$290,478,121 and \$275,534,721 for the years ended June 30, 2023, and June 30, 2022, 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 2022 and 2023 is as follows:

Membership	FY 2022	FY 2023
Medical Members		
Number of Active Members	15,905	12,420
Average Age	44	45
Average Service	10	12
<u>Number of Inactive Members</u>		
Retirees and Spouses	5,668	5,706
Average Age	68	68
Life Insurance Members		
Number of Active Members	15,905	12,420
Average Age	44	45
Average Service	10	12
<u>Number of Inactive Members</u>		
Retirees and Spouses	6,229	6,359
Average Age	69	70

Source: Fairfax County Annual Comprehensive Financial Report FY 2023

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Statement of Changes in Net Position for the Fiscal Year ended June 30, 2023 – OPEB Trust Fund

ADDITIONS:	<u>2023</u>
Contributions:	
Employer	\$13,042,958
Other	<u>2,328,956</u>
Total Contributions	<u>\$15,371,914</u>
Investment Income from Investment Activities:	
Net change in fair value of investments	\$28,531,488
Interest	<u>61,686</u>
Total Income from Investment Activities	<u>\$28,593,174</u>
Less Investment Activities Expenses:	
Management Fees	\$274,055
Other	<u>542</u>
Total Investment Activities Expenses	<u>\$274,597</u>
Net Gain from Investment Activities	<u>\$28,318,577</u>
Net investment gain	<u>\$28,318,577</u>
Total Additions	<u>\$43,690,491</u>
DEDUCTIONS:	
Benefits	\$22,127,226
Administrative Expenses	<u>139,854</u>
Total Deductions	<u>\$22,267,080</u>
Net Increase	<u>\$21,423,411</u>
Net Position - July 1, 2022	<u>382,374,168</u>
Net Position - June 30, 2023	<u>\$403,797,579</u>

Source: Fairfax County Annual Comprehensive Financial Report FY 2023

Net OPEB Liability for the Plan

The Plan's net OPEB liability was measured as of June 30, 2023. The components of the net OPEB liability for the Plan are as follows:

Total OPEB Liability	\$366,660,854
Plan Fiduciary Net Position (Market Value of Assets)	<u>(403,797,579)</u>
Net OPEB Liability	<u>(\$37,136,725)</u>
Plan Fiduciary Net Position as % of Total OPEB	110.13%

Source: Fairfax County Annual Comprehensive Financial Report FY 2023

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 2021 and 2022 is as follows:

Membership	FY 2021	FY 2022
Medical Members		
Number of Active Members	19,878	20,528
Average Age	46	46
Average Service	11	11
<u>Number of Inactive Members</u>		
Retirees and Spouses	10,135	10,174
Average Age	72	73
Life Insurance Members		
Number of Active Members	4,457	4,451
Average Age	53	53
Average Service	11	12
<u>Number of Inactive Members</u>		
Retirees and Spouses	2,844	3,050
Average Age	72	72

Source: Fairfax County Annual Comprehensive Financial Report FY 2023

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Statement of Changes in Net Position for the Fiscal Year ended June 30, 2023 – OPEB Trust Fund

ADDITIONS:	<u>2023</u>
Contributions:	
Employer	<u>\$15,536,667</u>
Total Contributions	<u>\$15,536,667</u>
Investment Income from Investment Activities:	
Net increase in fair value of investments	\$14,986,379
Administrative Expense	<u>(100,336)</u>
Total Income from Investment Activities	<u>14,886,043</u>
Total Additions	<u>\$30,422,710</u>
DEDUCTIONS:	
Benefits payments / refunds	<u>\$10,536,667</u>
Total Deductions	<u>\$10,536,667</u>
Net Increase	\$19,886,043
Net Position - July 1, 2022	<u>193,561,876</u>
Net Position - June 30, 2023	<u>\$213,447,919</u>

Source: Fairfax County Annual Comprehensive Financial Report FY 2023

Net OPEB Liability for the Plan

The Public Schools' net OPEB liability was measured as of June 30, 2023, 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	\$247,699,784
Plan Fiduciary Net Position (Market Value of Assets)	<u>(213,447,919)</u>
Net OPEB Liability	<u>\$34,251,865</u>
Plan Fiduciary Net Position as % of Total OPEB	86.17%

Source: Fairfax County Annual Comprehensive Financial Report FY 2023

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, 2023.

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, 2023.

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APPENDIX B

FAIRFAX COUNTY, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS (Fiscal Year Ended June 30, 2023)^(*)

^{*} This Appendix comprises the County's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023. In order to preserve cross-references within such pages, this Appendix has not been repaginated and, accordingly, retains the original pagination. The inclusion of the information in this Appendix does not imply that the County is legally obligated to make payments on the Series 2024 Bonds except from the revenues and other sources of funds, and subject to the limitations, described in this Official Statement.

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Report of Independent Auditor

To the Board of Supervisors
County of Fairfax, Virginia

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Cherry Bekaert LLP

Tysons Corner, Virginia
November 17, 2023



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, 2023. 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 \$1,744.5 million on a government-wide basis at June 30, 2023.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$5,973.9 million. Expenses amounted to \$5,626.0 million.
- For the fiscal year, revenues of the County's business-type activities were \$277.0 million, and expenses were \$216.0 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 \$213.5 million for fiscal year 2023, compared to an increase of \$326.7 million for fiscal year 2022.
- The County's General Fund reported a fund balance of \$779.0 million, an increase of \$42.7 million, or 5.8 percent, over fiscal year 2022.

General Financial Highlights

In November 2022, the County completed a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan prepayment of \$38.6 million for the Dulles Corridor Metrorail Project. This project, also known as the Silver Line, is a 23-mile extension of the Washington Metro from East Falls Church to Washington Dulles International Airport and westward into Ashburn.

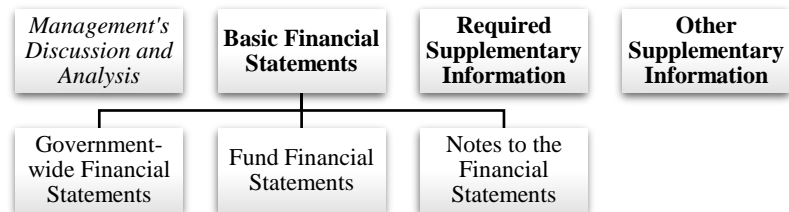
In February 2023, the County issued \$321.9 million of Series 2023A General Obligation Public Improvement Bonds. Bond proceeds from this issue are being used to finance school, park, road, public safety, and other County improvements.

In June 2023, the County completed a General Obligation (GO) Series 2020B escrow restructuring, a substitution of escrow securities on refunded bonds, which generated \$475,000 in revenue.

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, and fiduciary funds, as well as 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 of 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, 2023 and 2022:

Summary of Net Position As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 7,298.1	\$ 6,996.9	\$ 424.5	\$ 444.7	\$ 7,722.6	\$ 7,441.6
Capital assets (net)	3,569.4	3,341.3	1,876.6	1,803.0	5,446.0	5,144.3
Total assets	10,867.5	10,338.2	2,301.1	2,247.7	13,168.6	12,585.9
Deferred outflow of resources:	1,215.3	698.9	50.5	48.3	1,265.8	747.2
Liabilities:						
Current liabilities	541.6	635.5	44.6	41.2	586.2	676.7
Long-term liabilities	6,764.2	5,532.7	859.8	854.9	7,624.0	6,387.6
Total liabilities	7,305.8	6,168.2	904.4	896.1	8,210.2	7,064.3
Deferred inflow of resources:	4,471.6	4,911.4	8.1	21.8	4,479.7	4,933.2
Net position:						
Net investment in capital assets	2,637.2	2,411.5	1,186.2	1,181.5	3,823.4	3,593.0
Restricted	434.3	442.8	54.2	48.5	488.5	491.3
Unrestricted (deficit)	(2,766.1)	(2,896.8)	198.7	148.1	(2,567.4)	(2,748.7)
Net position	\$ 305.4	\$ (42.5)	\$ 1,439.1	\$ 1,378.1	\$ 1,744.5	\$ 1,335.6

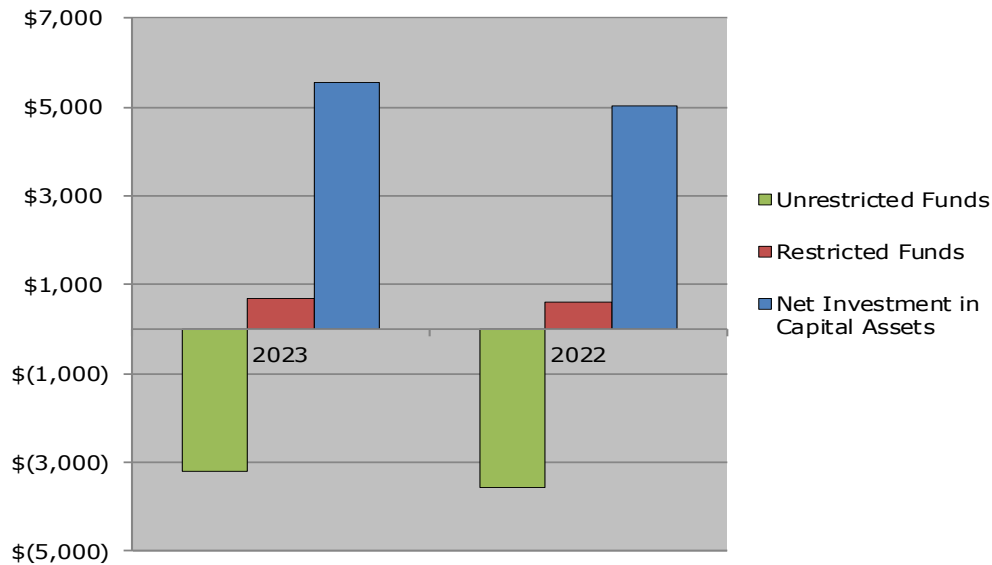
Summary of Net Position - continued As of June 30 (\$ in millions)								
	Total Primary Government		Component Units		Reclassifications*		Total Reporting Entity	
	2023	2022	2023	2022	2023	2022	2023	2022
Assets:								
Current and other assets	\$ 7,722.6	\$ 7,441.6	\$ 2,343.0	\$ 1,147.3	\$ -	\$ -	\$ 10,065.6	\$ 8,588.9
Capital assets (net)	5,446.0	5,144.3	3,794.7	3,585.7	-	-	9,240.7	8,730.0
Total assets	13,168.6	12,585.9	6,137.7	4,733.0	-	-	19,306.3	17,318.9
Deferred outflow of resources:	1,265.8	747.2	1,153.5	1,003.9	-	-	2,419.3	1,751.1
Liabilities:								
Current liabilities	586.2	676.7	279.8	274.9	-	-	866.0	951.6
Long-term liabilities	7,624.0	6,387.6	5,157.7	2,950.7	-	-	12,781.7	9,338.3
Total liabilities	8,210.2	7,064.3	5,437.5	3,225.6	-	-	13,647.7	10,289.9
Deferred inflow of resources:	4,479.7	4,933.2	586.7	1,780.6	-	-	5,066.4	6,713.8
Net position:								
Net investment in capital assets	3,823.4	3,593.0	3,500.1	3,363.9	(1,774.3)	(1,947.7)	5,549.2	5,009.2
Restricted	488.5	491.3	314.0	239.0	(128.9)	(103.3)	673.6	627.0
Unrestricted (deficit)	(2,567.4)	(2,748.7)	(2,547.1)	(2,872.2)	1,903.2	2,051.0	(3,211.3)	(3,569.9)
Net position	\$ 1,744.5	\$ 1,335.6	\$ 1,267.0	\$ 730.7	\$ -	\$ -	\$ 3,011.5	\$ 2,066.3

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

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.

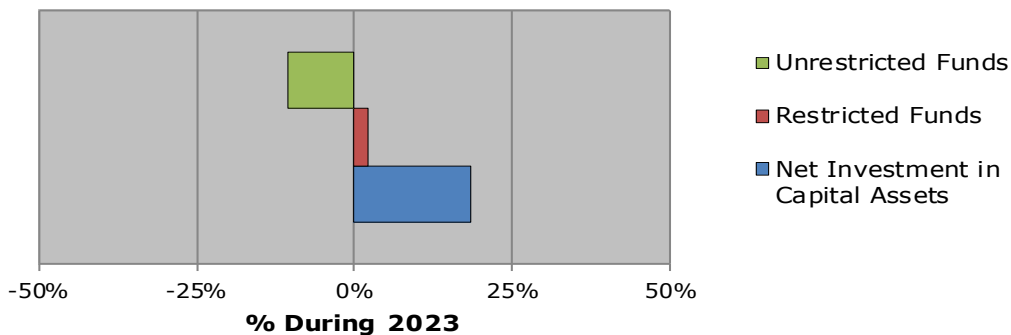
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the reporting entity, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$3,011.5 million at the end of fiscal year 2023, representing an increase of \$945.2 million from the net position at June 30, 2022, as shown above. The increase in fiscal year 2023 net position was mainly due to increases in current and other assets, capital assets, and deferred inflows related to pensions, as well as decreases in current liabilities offset by increases in deferred tax revenue and deferred inflows related to pension.

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



As shown above and below, the largest portion of net position is the net investment in capital assets (e.g., land, buildings, infrastructure, equipment, and right-to-use lease and subscription assets, 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 (\$366.6 million), grant programs (\$159.6 million), housing (\$45.6 million), and community centers (\$17.1 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

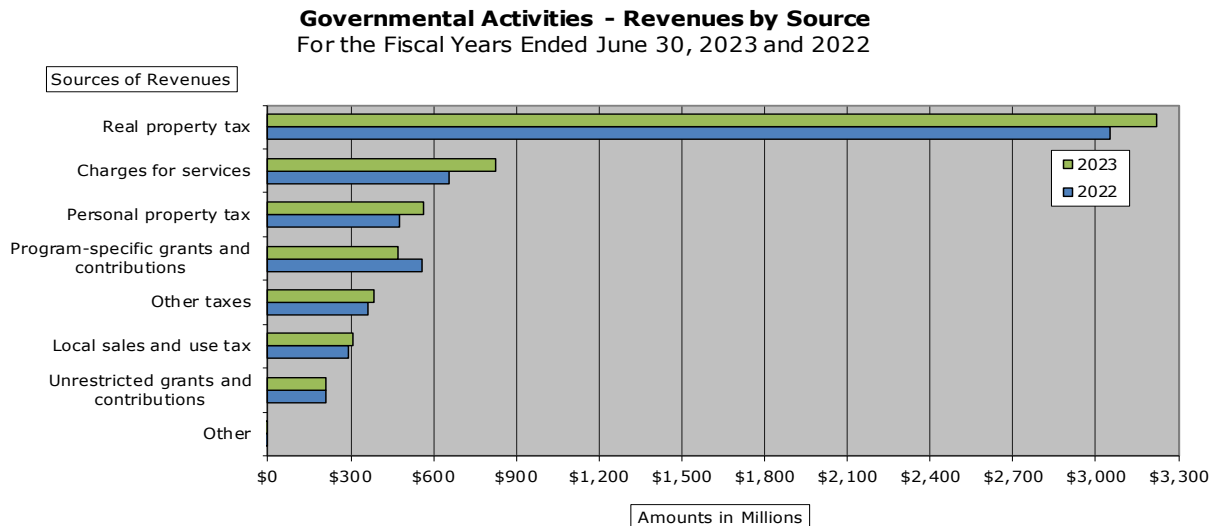
The following table summarizes the changes in Net Position for the primary government for the fiscal years ended June 30, 2023 and 2022:

Summary of Changes in Net Position For the Fiscal Years Ended June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 827.5	\$ 658.2	\$ 266.2	\$ 247.6	\$ 1,093.7	\$ 905.8
Operating grants and contributions	447.7	522.3	-	-	447.7	522.3
Capital grants and contributions	25.6	38.8	4.2	2.2	29.8	41.0
General revenues:						
Real property tax	3,219.9	3,053.6	-	-	3,219.9	3,053.6
Personal property tax	564.3	475.1	-	-	564.3	475.1
Business licenses tax	205.1	190.0	-	-	205.1	190.0
Local sales and use tax	305.9	294.3	-	-	305.9	294.3
Consumers utility tax	123.5	106.6	-	-	123.5	106.6
Other taxes	54.6	66.8	-	-	54.6	66.8
Unrestricted grants and contributions	211.4	211.4	-	-	211.4	211.4
Revenue from the use of money	(11.6)	(61.5)	6.6	0.5	(5.0)	(61.0)
Total revenues	5,973.9	5,555.6	277.0	250.3	6,250.9	5,805.9
Expenses:						
General government administration	228.8	192.5	-	-	228.8	192.5
Judicial administration	81.3	61.8	-	-	81.3	61.8
Public safety	888.2	801.6	-	-	888.2	801.6
Public works	303.5	223.9	216.0	196.6	519.5	420.5
Health and welfare	778.6	775.3	-	-	778.6	775.3
Community development	572.7	443.1	-	-	572.7	443.1
Parks, recreation, and cultural	158.1	195.3	-	-	158.1	195.3
Education	2,515.9	2,368.9	-	-	2,515.9	2,368.9
Interest on long-term debt *	98.9	96.1	-	-	98.9	96.1
Total expenses	5,626.0	5,158.5	216.0	196.6	5,842.0	5,355.1
Increase in net position	347.9	397.1	61.0	53.7	408.9	450.8
Beginning net position	(42.5)	(439.6)	1,378.1	1,324.4	1,335.6	884.8
Ending net position	\$ 305.4	\$ (42.5)	\$ 1,439.1	\$ 1,378.1	\$ 1,744.5	\$ 1,335.6

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

Governmental Activities

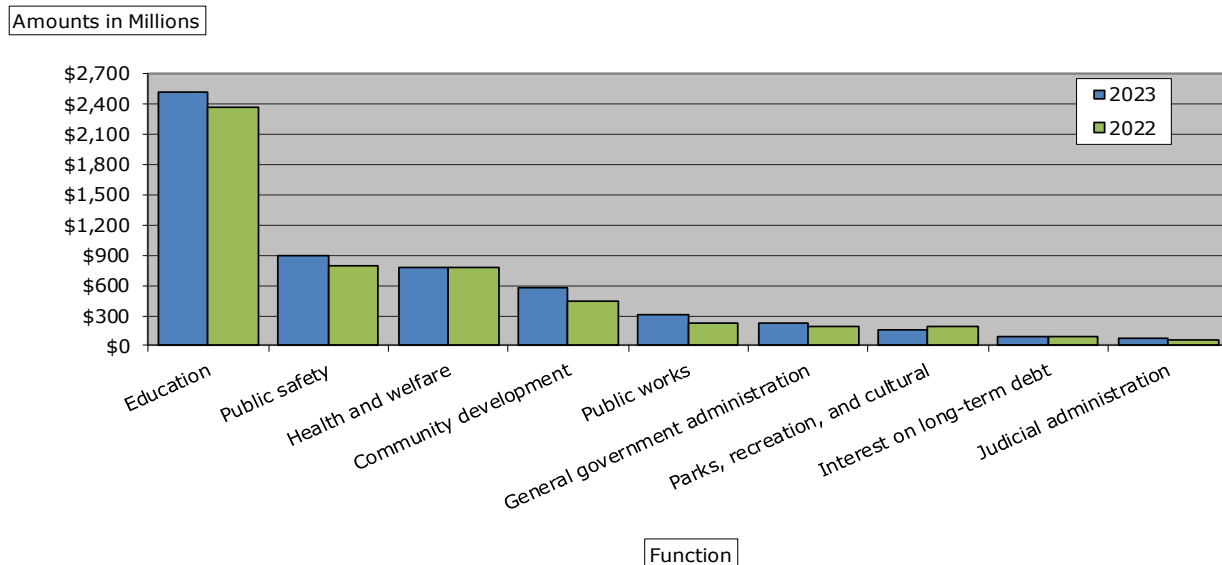
Revenue for the County's governmental activities was \$5,973.9 million for fiscal year 2023, representing an increase of \$418.3 million over fiscal year 2022. Sources of revenue for fiscal years 2023 and 2022 are shown below:



Taxes constitute the largest source of County revenues, amounting to \$4,473.3 million for fiscal year 2023, an increase of \$286.9 million over fiscal year 2022, primarily due to increases in real and personal property taxes. Real property taxes (\$3,219.9 million) represent 72.0 percent of total taxes and over half of all revenues combined. The real estate tax rate decreased from \$1.14 to \$1.11 per \$100 of assessed value, but the real estate assessments increased by \$166.3 million, resulting in 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, 2023 and 2022



The total cost of all of the County's governmental activities for fiscal year 2023 was \$5,626.0 million, representing an increase of \$467.5 million over fiscal year 2022. As the table below indicates, education continues to be the County's largest program. Education totaled \$2,515.9 million in fiscal year 2023, an increase of \$147.0 million over fiscal year 2022, to support school operations and to service debt for bond-funded projects to build new schools and renew older facilities. Community development increased by \$129.6 in total cost of services compared to fiscal year 2022, due in large part to a variety of transportation projects (such as the Metro's Silver Line and Richmond Highway widening projects), as well as the advent of the Land Development Services fund.

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	
	2023	2022	2023	2022
Education	\$ 2,515.9	\$ 2,368.9	\$ 2,515.9	\$ 2,365.2
Public safety	888.2	801.6	755.6	672.9
Health and welfare	778.6	775.3	484.2	397.4
Community development	572.7	443.1	249.2	79.4
Public works	303.5	223.9	90.2	32.1
General government administration	228.8	192.5	(50.1)	99.6
Other	338.3	353.2	280.2	292.7
Total	\$ 5,626.0	\$ 5,158.5	\$ 4,325.2	\$ 3,939.3

Some of the cost of governmental activities was paid by those who directly benefited from the programs; these costs totaled \$827.5 million. Other governments and organizations subsidized certain programs with grants and contributions totaling \$473.3 million. County taxpayers subsidized the balance of \$4,325.2 million net cost of governmental expenses.

Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2023, the Sewer System reported an increase in net position of \$61.0 million. Total revenues of the Sewer System increased \$26.7 million from fiscal year 2022. This increase was primarily the result of an increase in the sewer availability fees.

Total expenses of the Sewer System for fiscal year 2023 were \$216.0 million, increasing by \$19.4 million from fiscal year 2022. This increase was primarily the result of increases in personnel services, contractual services, and intergovernmental expenses from the EDA S2021A bond.

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 Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

As of June 30, 2023, the County's governmental funds had a combined fund balance of \$2,231.6 million, compared with \$2,018.1 million at June 30, 2022. Of the fiscal year 2023 fund balance, \$77.5 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 16.0 percent (\$124.7 million) of the total 2023 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, 65.1 percent (\$1,452.1 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 0.1 percent (\$2.3 million) of the total fund balance. At June 30, 2023, \$467.8 million of the General Fund's committed fund balance of \$575.1 million is designated for the managed reserve and revenue stabilization fund based on fiscal year 2023 actuals.

For the fiscal year ended June 30, 2023, fund balances for all governmental funds increased by \$213.5 million, compared with the \$326.7 million increase for fiscal year ended June 30, 2022. Total revenues and other financing sources were \$7,286.5 million, total expenditures and other financing uses were \$7,073.0 million, resulting in the increase to the fund balances. In comparison to fiscal year 2022, total revenues and other financing sources increased by \$209.1 million, mainly as a result of increases in Real and Personal Property Tax and Other Local Taxes receipts, as well as increases in charges for public works and health and welfare services. Expenditures and other financing uses increased by \$322.2 million compared to fiscal year 2022 primarily due to increases in expenditures related to education (\$147.0 million increase), community development (\$129.6 million), and public safety (\$86.6 million).

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the unassigned fund balance was \$124.7 million, which represents approximately 2.9 percent of the General Fund's total expenditures. Revenues of \$5,054.7 million, less expenditures of \$4,234.1 million and other financing uses of \$777.8 million, resulted in a net increase in fund balance of \$42.7 million. This increase was primarily attributed to the rise in property tax 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 21.4 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, 2023 (\$ in millions)	
General fund committed reserves ⁽¹⁾ :	
Revenue stabilization fund reserve	\$ 263.4
Managed reserve	204.5
Information Technology and others	107.2
Total committed	575.1
General fund assigned reserves (encumbrances)	77.5
General fund unassigned reserves	124.7
General fund supported reserves ⁽²⁾ :	
Community services board	61.3
Internal service fund reserves ⁽³⁾ :	
Vehicle related reserves	103.5
Technology related reserves	24.6
Self insurance reserves	116.0
Total reserves funded by and available to the general fund	1,082.7
General fund revenues and transfers in ⁽⁴⁾ :	
General fund revenues	5,054.7
Transfers in	15.9
Total general fund revenues and transfers in	\$ 5,070.6
Total available reserves as % of general fund revenues	21.4%

⁽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 \$523.5 million or 11.0 percent. This increase is primarily due to the carryover of prior-year commitments and one-time funding requirements for IT and Capital Projects. The final amended budget revenues and transfers were more than the original budget by a net of \$144.9 million or 3.0 percent, primarily due to higher than projected interest earnings on Investments, Personal Property Taxes, Local sales and use Tax, Transient Occupancy Tax, and an increase to the Transfer In from the Fairfax-Falls Church Community Services Board of \$10.0 million.

Actual revenues were \$72.6 million more than final budget amounts, and actual expenditures were \$249.3 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2023, include the following:

- Tax revenues exceeded budgeted amounts by \$44.6 million. The increase is a combination of increases in Personal Property Taxes, Real Property Taxes, Local Sales & Use Taxes, Business Licenses Taxes, Recordation Taxes and Occupancy, Tobacco and Other Taxes.
- Intergovernmental revenue was \$6.4 million more than budgeted amounts primarily as a result of increase in different kinds of federal aid and subsidy.
- General government administration expenditures were \$12.3 million, or 8.1 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 \$22.4 million, or 3.8 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 \$42.3 million, or 12.1 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 \$146.7 million, or 23.2 percent, less than budgeted amounts primarily due to less expenditure in unclassified administrative expenses and some savings on employee benefits.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets as of June 30, 2023, amounted to \$5.4 billion, which represents an increase of \$301.7 million, or 5.9 percent, over last year. Capital assets as of June 30, 2023 and 2022, are summarized below:

	Capital Assets As of June 30 (\$ in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land and easements	\$ 480.0	\$ 478.5	\$ 25.4	\$ 25.2	\$ 505.4	\$ 503.7
Buildings, improvements, and infrastructure	3,469.9	3,326.9	1,846.6	1,759.4	5,316.5	5,086.3
Software	215.6	199.2	-	-	215.6	199.2
Vehicles, equipment, and library collections	746.4	675.3	19.2	16.9	765.6	692.2
Construction in progress	491.3	428.0	197.8	180.6	689.1	608.6
Equipment under construction	55.5	38.5	-	-	55.5	38.5
Software in development	37.1	24.2	-	-	37.1	24.2
Purchased capacity	-	-	1,209.5	1,172.9	1,209.5	1,172.9
Right-to-use lease assets	149.4	127.2	-	-	149.4	127.2
Right-to-use subscription assets	67.1	-	-	-	67.1	-
Total capital assets	5,712.3	5,297.8	3,298.5	3,155.0	9,010.8	8,452.8
Less: Accumulated depreciation and amortization	(2,142.9)	(1,956.5)	(1,421.9)	(1,352.0)	(3,564.8)	(3,308.5)
Total capital assets, net	\$ 3,569.4	\$ 3,341.3	\$ 1,876.6	\$ 1,803.0	\$ 5,446.0	\$ 5,144.3

The major capital asset activities for fiscal year 2023 included the following:

- Developers' contributions of sewer lines and manholes totaled \$4.1 million; contributions related to stormwater and pedestrian walkways totaled \$4.7 million.
- The purchase of library books and audio/video materials totaled \$4.4 million, funded through general operating revenues.

- Improvements to transportation, including bus and rail service, totaled \$37.0 million, County and Regional transportation projects totaled \$2.0 million, and Stormwater Services totaled \$51.0 million.
- Expenditures related to construction of the Springfield and Monument Drive Parking Facility, Lorton and Hybla Valley Community Center and Kingstowne Regional Library, Franconia and South County Police Station and Animal Services Facility, Stormwater Consolidation Facility, Fire Station in multiple locations and Capital Sinking fund for facilities and walkways were \$23.1 million, \$10.0 million, \$16.2 million, \$17.3 million, \$9.3 million, and \$11.1 million, respectively.
- The Sewer System's share of the upgrade and operating costs of the Noman Cole Treatment Plant Renovation totaled \$50.9 million.
- The acquisition of Software increased by \$29.3 million for improving general government administration functions.
- The acquisition of new Motorola radios to replace existing radios for the public safety agencies totaled \$39.9 million.
- Leases for the use of office space increased by \$22.2 million due to lease contract renewals and modifications.
- Due to the implementation of GASB Statement 96, *Subscription-Based Information Technology Arrangements*, the County reported intangible right-to-use subscription assets for the use of vendors' information technology software. As of June 30, 2023 the value of the underlying assets totaled \$67.1 million.

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 \$2.0 billion of general obligation bond sales over a five-year period, for an average of \$400.0 million annually, with a maximum of \$425.0 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 do not exceed 10.00 percent of annual General Fund expenditures and transfers out. For fiscal year 2023, these percentages were 0.95 percent and 6.64 percent, respectively.

In February 2023, the County issued \$321.9 million of Series 2023A General Obligation Public Improvement Bonds with a true interest cost of 2.98 percent and a premium of \$29.1 million. Proceeds of \$321.9 million are being used to fund new schools, parks, roads, and other public works and public safety improvements, as shown (in millions) on the following page:

County facilities:

Transportation Improvements	\$22.0
Public safety facilities	41.9
Other purposes	12.0
Park facilities.....	27.0
Transportation facilities.....	30.0
Public Schools facilities	<u>189.0</u>
Total bonds issued for new projects	<u>\$321.9</u>

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2023 and 2022:

Outstanding Long-term Debt As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General obligation bonds issued for:						
County facilities	\$ 947.7	\$ 896.6	\$ -	\$ -	\$ 947.7	\$ 896.6
Public Schools facilities	1,569.1	1,518.4	-	-	1,569.1	1,518.4
Revenue bonds	525.0	565.2	-	-	525.0	565.2
Sewer revenue bonds	-	-	721.4	730.1	721.4	730.1
Direct placements and borrowings	542.2	570.3	-	-	542.2	570.3
Notes payable and other	158.5	126.8	-	-	158.5	126.8
Total County outstanding debt	\$ 3,742.5	\$ 3,677.3	\$ 721.4	\$ 730.1	\$ 4,463.9	\$ 4,407.4

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 2024:

- The assessed value of all real property increased by \$19.5 billion, or 6.59 percent, over the fiscal year 2023 value. This resulted from an increase in existing property values and construction of new properties.
- Equalized residential property assessments increased 6.97 percent and non-residential equalization increased 1.65 percent for fiscal year 2024. For the third consecutive year, growth in residential equalization has been higher than that of non-residential equalization.
- Personal property tax revenue is projected to decrease 2.10 percent in fiscal year 2024 compared to the fiscal year 2023 revised budget due to change in assessed ratio of vehicle values. The total vehicle volume is forecasted to remain the same in 2024.
- The General Fund revenue is expected to increase 4.0 percent from the fiscal year 2023 revised budget plan primarily as a result of strong growth in Real Estate assessment base, higher Local Sales Tax, Transient Occupancy Tax, and significant increase in Investment Interest earnings on the County's portfolio.

The fiscal year 2024 Adopted Budget includes revenues of \$5.11 billion, or a 3.8 percent increase from the fiscal year 2023 Revised Budget Plan. Real estate and personal property taxes represent the majority of budgeted revenues, comprising approximately 80.62 percent of the fiscal year 2024 General Fund revenues. Revenue from real property taxes alone makes up 66.15 percent of total revenues, as compared with approximately 67.13 percent in the fiscal year 2023 Adopted Budget.

The fiscal year 2024 General Fund disbursements, which include transfers out, total \$5.11 billion, a 3.58 percent decrease from the fiscal year 2023 Revised Budget Plan. County funding for Public Schools is \$2.64 billion which is approximately 52.2 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 \$90.34 million, or 4.50 percent, from fiscal year 2023 Revised Budget Plan.

The following tax rates and fees were approved for fiscal year 2024:

- Real estate tax rate decreases from \$1.11 to \$1.095 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 decreases from \$0.20 to \$0.18 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 \$8.09 to \$8.46 per 1,000 gallons of water consumption and the Sewer Availability Charge for new single-family homes increases from \$8,592 to \$8,860 per unit. The Sewer Base Charge increases from \$40.14 to \$44.81 per quarter.

- Refuse collection rate for County collection sanitation districts increases from \$475 to \$490 per household and the refuse disposal rate increases from \$70 to \$72 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 increased the funding dedicated to affordable housing to just over one penny of the real estate tax rate. Funding adjustments and strategies have been incorporated in the fiscal year 2024 Adopted Budget Plan to continue to address the County's commitment to achieving the strategic priorities of a strong investment in education; public safety; affordable housing; environmental protection; and transportation improvements.

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, 2023

	Primary Government		Total
	Governmental	Business-type	Primary
	Activities	Activities	Government
ASSETS			
Equity in pooled cash and temporary investments	\$ 905,644,535	181,796,264	1,087,440,799
Cash in banks/with fiscal agents	-	-	-
Investments	1,677,577,673	-	1,677,577,673
Receivables (net of allowances):			
Accounts	34,973,980	794,104	35,768,084
Leases	-	-	-
Accrued interest	8,147,483	-	8,147,483
Property taxes:			
Delinquent	34,410,724	-	34,410,724
Not yet due	3,912,280,019	-	3,912,280,019
Business license taxes - delinquent	2,024,726	-	2,024,726
Loans	96,285,964	-	96,285,964
Notes	34,565,000	-	34,565,000
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	195,714,335	64,569,034	260,283,369
Due from primary government	-	-	-
Due from component units	197,376	-	197,376
Loan to component unit	8,505,000	-	8,505,000
Inventories of supplies	3,068,350	326,342	3,394,692
Prepaid and other assets	5,143,632	-	5,143,632
Restricted assets:			
Equity in pooled cash and temporary investments	40,823,744	90,762,795	131,586,539
Cash and temporary investments with fiscal agents	125,799,590	54,235,528	180,035,118
Deposit held in trust	-	-	-
Investments	-	31,958,291	31,958,291
Property held for sale	894,694	-	894,694
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	480,005,175	25,464,904	505,470,079
Construction in progress	491,259,264	197,768,389	689,027,653
Equipment under construction	55,498,694	-	55,498,694
Software in development	37,078,270	-	37,078,270
Depreciable/amortizable:			
Vehicles and equipment	619,822,865	19,200,009	639,022,874
Software	215,571,656	-	215,571,656
Library collections	126,537,418	-	126,537,418
Purchased capacity	-	1,209,528,528	1,209,528,528
Buildings and improvements	2,165,130,596	96,950,088	2,262,080,684
Infrastructure	1,304,794,123	1,749,603,548	3,054,397,671
Right-to-use lease assets	149,425,049	-	149,425,049
Right-to-use subscription assets	67,135,757	-	67,135,757
Accumulated depreciation	(1,980,830,703)	(869,040,861)	(2,849,871,564)
Accumulated amortization	(162,066,629)	(552,843,313)	(714,909,942)
Other non-current assets:			
Lease receivable	760,252	-	760,252
Total assets	10,867,492,556	2,301,073,650	13,168,566,206
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for pension contributions subsequent to the measurement date	313,856,564	6,388,346	320,244,910
Deferred outflow for change in proportion (pensions)	13,542,503	2,120,150	15,662,653
Deferred outflow for differences between expected and actual experience (pensions)	349,470,535	4,690,025	354,160,560
Deferred outflow of recognition of pension investments	168,535,758	580,552	169,116,310
Deferred outflow for changes in assumptions (pensions)	170,854,023	3,372,597	174,226,620
Deferred outflow for OPEB contributions subsequent to the measurement date	14,102,655	357,704	14,460,359
Deferred outflow for change in proportion (OPEB)	-	-	-
Deferred outflow for differences between expected and actual experience (OPEB)	51,100,334	1,316,586	52,416,920
Deferred outflow for recognition of investments (OPEB)	55,636,231	369,295	56,005,526
Deferred outflow for changes in assumptions (OPEB)	39,066,024	1,006,525	40,072,549
Deferred loss on refunding of debt	39,161,900	30,268,346	69,430,246
Total deferred outflows of resources	\$ 1,215,326,527	50,470,126	1,265,796,653
See accompanying notes to the financial statements.			

EXHIBIT A

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
			ASSETS
758,491,697	-	1,845,932,496	Equity in pooled cash and temporary investments
67,483,498	-	67,483,498	Cash in banks/with fiscal agents
6,608,000	-	1,684,185,673	Investments
			Receivables (net of allowances):
19,507,883	-	55,275,967	Accounts
879,853	-	879,853	Leases
488,905	-	8,636,388	Accrued interest
			Property taxes:
-	-	34,410,724	Delinquent
-	-	3,912,280,019	Not yet due
-	-	2,024,726	Business license taxes - delinquent
-	-	96,285,964	Loans
27,993,397	-	62,558,397	Notes
			Due from intergovernmental units (net of allowances):
-	-	211,313,944	Property tax relief - not yet due
129,233,939	-	389,517,308	Other
1,098,294,015	-	1,098,294,015	Due from primary government
-	-	197,376	Due from component units
-	-	8,505,000	Loan to component unit
1,241,031	-	4,635,723	Inventories of supplies
4,462,092	-	9,605,724	Prepaid and other assets
			Restricted assets:
159,021,671	-	290,608,210	Equity in pooled cash and temporary investments
41,647,091	-	221,682,209	Cash and temporary investments with fiscal agents
6,345,003	-	6,345,003	Deposit held in trust
-	-	31,958,291	Investments
-	-	894,694	Property held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
533,149,612	-	1,038,619,691	Land and easements
316,214,913	-	1,005,242,566	Construction in progress
-	-	55,498,694	Equipment under construction
-	-	37,078,270	Software in development
			Depreciable/amortizable:
388,414,786	-	1,027,437,660	Vehicles and equipment
14,037,906	-	229,609,562	Software
18,915,527	-	145,452,945	Library collections
-	-	1,209,528,528	Purchased capacity
5,647,541,457	-	7,909,622,141	Buildings and improvements
-	-	3,054,397,671	Infrastructure
79,755,373	-	229,180,422	Right-to-use lease assets
84,558,062	-	151,693,819	Right-to-use subscription assets
(3,241,175,704)	-	(6,091,047,268)	Accumulated depreciation
(46,738,236)	-	(761,648,178)	Accumulated amortization
			Other non-current assets:
21,261,863	-	22,022,115	Lease receivable
6,137,633,634	-	19,306,199,840	Total assets
			DEFERRED OUTFLOWS OF RESOURCES
486,506,618	-	806,751,528	Deferred outflow for pension contributions subsequent to the measurement date
27,657,787	-	43,320,440	Deferred outflow for change in proportion (pensions)
96,751,018	-	450,911,578	Deferred outflow for differences between expected and actual experience (pensions)
102,168,202	-	271,284,512	Deferred outflow of recognition of pension investments
316,054,953	-	490,281,573	Deferred outflow for changes in assumptions (pensions)
			Deferred outflow for OPEB contributions subsequent to the measurement date
31,567,523	-	46,027,882	Deferred outflow for change in proportion (OPEB)
4,543,743	-	4,543,743	Deferred outflow for differences between expected and actual experience (OPEB)
65,031,571	-	117,448,491	Deferred outflow for recognition of investments (OPEB)
7,263,255	-	63,268,781	Deferred outflow for changes in assumptions (OPEB)
12,691,701	-	52,764,250	Deferred loss on refunding of debt
3,227,885	-	72,658,131	
1,153,464,256	-	2,419,260,909	Total deferred outflows of resources

continued

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-type Activities	Primary Government
LIABILITIES			
Accounts payable and accrued liabilities	\$ 146,120,613	3,440,336	149,560,949
Accrued salaries and benefits	60,959,926	1,583,706	62,543,632
Contract retainages	12,825,373	7,211,361	20,036,734
Contracts payable	-	22,548,677	22,548,677
Accrued interest payable	36,756,190	9,792,799	46,548,989
Due to intergovernmental units	12,003,755	-	12,003,755
Due to primary government	-	-	-
Due to component units	7,738,987	-	7,738,987
Other current liabilities	-	-	-
Unearned revenue	-	-	-
Other	119,158,651	-	119,158,651
Performance and other deposits	146,059,575	-	146,059,575
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	256,473,730	-	256,473,730
Revenue bonds payable, net	4,379,918	35,894,701	40,274,619
Component unit revenue bonds payable, net	39,695,742	887,254	40,582,996
Component unit direct placements and borrowings	15,475,157	-	15,475,157
Notes payable	2,288,427	-	2,288,427
Component unit notes payable	645,000	-	645,000
Compensated absences payable	74,847,297	1,674,413	76,521,710
Landfill closure and postclosure obligation	36,000	-	36,000
Lease liability	17,383,605	-	17,383,605
Subscription liability	18,295,853	-	18,295,853
Insurance and benefit claims payable	13,723,000	-	13,723,000
Loan from primary government	-	-	-
Other	1,215,646	-	1,215,646
Portion due or payable after one year:			
General obligation bonds payable, net	2,463,111,473	-	2,463,111,473
Revenue bonds payable, net	55,845,449	750,864,764	806,710,213
Component unit revenue bonds payable, net	482,955,026	23,187,399	506,142,425
Component unit direct placements and borrowings	526,741,950	-	526,741,950
Notes payable, net	25,381,118	-	25,381,118
Component unit notes payable	967,500	-	967,500
Compensated absences payable	97,330,606	1,887,599	99,218,205
Landfill closure and postclosure obligation	55,326,446	-	55,326,446
Lease liability	100,047,975	-	100,047,975
Subscription liability	25,635,729	-	25,635,729
Insurance and benefit claims payable	81,495,000	-	81,495,000
Net pension liability	2,385,173,445	45,202,652	2,430,376,097
Net OPEB liability	7,516,762	193,667	7,710,429
Loan from primary government	-	-	-
Other	12,221,435	-	12,221,435
Total liabilities	7,305,832,359	904,369,328	8,210,201,687
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenue	4,159,343,597	-	4,159,343,597
Deferred lease revenue	728,757	-	728,757
Deferred revenue - other	50,695,801	-	50,695,801
Deferred gain on refunding	5,428,340	4,145,925	9,574,265
Deferred inflow related to differences between actual and expected experience (pensions)	34,710,187	681,910	35,392,097
Deferred inflow of recognition of pension investments	42,317,568	-	42,317,568
Deferred inflow for change in proportion (pensions)	11,144,630	-	11,144,630
Deferred inflow related to differences between actual and expected experience (OPEB)	4,173,610	107,532	4,281,142
Deferred recognition of OPEB investments	41,302,889	-	41,302,889
Deferred inflow for change in proportion (OPEB)	8,598	38,734	47,332
Deferred inflow for change in assumptions (OPEB)	121,736,455	3,136,505	124,872,960
Deferred inflow related to lease	-	-	-
Total deferred inflows of resources	4,471,590,432	8,110,606	4,479,701,038
NET POSITION			
Net investment in capital assets	2,637,152,244	1,186,134,177	3,823,286,421
Restricted for:			
Grant programs	50,593,788	-	50,593,788
Community centers	17,128,042	-	17,128,042
Housing	-	-	-
Transportation	366,619,159	-	366,619,159
Capital projects	-	-	-
Debt service	-	54,235,528	54,235,528
Unrestricted (deficit)	(2,766,096,941)	198,694,137	(2,567,402,804)
Net position	\$ 305,396,292	1,439,063,842	1,744,460,134

See accompanying notes to the financial statements.

EXHIBIT A
concluded

Total Component Units	Reclassifications (See Note A-13)	Total Reporting Entity	
			LIABILITIES
82,744,659	-	232,305,608	Accounts payable and accrued liabilities
104,339,543	-	166,883,175	Accrued salaries and benefits
13,698,085	-	33,734,819	Contract retainages
-	-	22,548,677	Contracts payable
13,228,120	-	59,777,109	Accrued interest payable
117,433	-	12,121,188	Due to intergovernmental units
197,376	-	197,376	Due to primary government
-	-	7,738,987	Due to component units
362,797	-	362,797	Other current liabilities
38,729,534	-	38,729,534	Unearned revenue
-	-	119,158,651	Other
26,399,557	-	172,459,132	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
-	-	256,473,730	General obligation bonds payable, net
56,861,934	-	97,136,553	Revenue bonds payable, net
-	-	40,582,996	Component unit revenue bonds payable, net
-	-	15,475,157	Component unit direct placements and borrowings
26,284,013	-	28,572,440	Notes payable, net
-	-	645,000	Component unit notes payable
32,018,459	-	108,540,169	Compensated absences payable
-	-	36,000	Landfill closure and postclosure obligation
12,261,413	-	29,645,018	Lease liability
13,889,828	-	32,185,681	Subscription liability
38,030,447	-	51,753,447	Insurance and benefit claims payable
765,000	-	765,000	Loan from primary government
-	-	1,215,646	Other
			Portion due or payable after one year:
-	-	2,463,111,473	General obligation bonds payable, net
1,050,292,311	-	1,857,002,524	Revenue bonds payable, net
-	-	506,142,425	Component unit revenue bonds payable, net
-	-	526,741,950	Component unit direct placements and borrowings
127,687,694	-	153,068,812	Notes payable, net
-	-	967,500	Component unit notes payable
17,671,214	-	116,889,419	Compensated absences payable
-	-	55,326,446	Landfill closure and postclosure obligation
48,649,558	-	148,697,533	Lease liability
48,540,352	-	74,176,081	Subscription liability
44,789,288	-	126,284,288	Insurance and benefit claims payable
3,282,848,559	-	5,713,224,656	Net pension liability
349,254,788	-	356,965,217	Net OPEB liability
7,740,000	-	7,740,000	Loan from primary government
-	-	12,221,435	Other
5,437,401,962	-	13,647,603,649	Total liabilities
			DEFERRED INFLOWS OF RESOURCES
-	-	4,159,343,597	Deferred tax revenue
-	-	728,757	Deferred lease revenue
-	-	50,695,801	Deferred revenue - other
-	-	9,574,265	Deferred gain on refunding
136,927,346	-	172,319,443	Deferred inflow related to differences between actual and expected experience (pensions)
220,868,843	-	263,186,411	Deferred inflow of recognition of pension investments
97,767,714	-	108,912,344	Deferred inflow for change in proportion (pensions)
30,075,210	-	34,356,352	Deferred inflow related to differences between actual and expected experience (OPEB)
5,990,139	-	47,293,028	Deferred recognition of OPEB investments
11,998,467	-	12,045,799	Deferred inflow for change in proportion (OPEB)
60,939,487	-	185,812,447	Deferred inflow for change in assumptions (OPEB)
22,131,522	-	22,131,522	Deferred inflow related to lease
586,698,728	-	5,066,399,766	Total deferred inflow of resources
			NET POSITION
3,500,109,043	(1,774,305,898)	5,549,089,566	Net investment in capital assets
			Restricted for:
108,963,717	-	159,557,505	Grant programs
-	-	17,128,042	Community centers
45,608,195	-	45,608,195	Housing
-	-	366,619,159	Transportation
159,404,474	(128,882,874)	30,521,600	Capital projects
-	-	54,235,528	Debt service
(2,547,088,229)	1,903,188,772	(3,211,302,261)	Unrestricted (deficit)
1,266,997,200	-	3,011,457,334	Net position

COUNTY OF FAIRFAX, VIRGINIA
Statement of Activities
For the fiscal year ended June 30, 2023

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs	Expenses			
Primary government:				
Governmental activities:				
General government administration	\$ 228,764,017	197,673,859	71,764,257	9,320,656
Judicial administration	81,284,343	8,468,404	29,360,609	-
Public safety	888,165,848	75,596,380	56,260,477	679,439
Public works	303,510,108	202,047,154	803,681	10,468,788
Health and welfare	778,592,446	80,272,433	214,154,399	-
Community development	572,725,232	244,308,629	74,038,400	5,143,774
Parks, recreation, and cultural	158,136,482	19,101,853	1,237,944	-
Education - for Public Schools	2,515,855,422	-	-	-
Interest on long-term debt	98,934,751	-	-	-
Total governmental activities	5,625,968,649	827,468,712	447,619,767	25,612,657
Business-type activities:				
Public works - Sewer	216,032,050	266,239,423	-	4,235,838
Total business-type activities	216,032,050	266,239,423	-	4,235,838
Total primary government	5,842,000,699	1,093,708,135	447,619,767	29,848,495
Component units:				
Public Schools	3,457,306,295	151,744,103	595,311,511	245,241,769
Redevelopment and Housing Authority	118,225,341	42,302,502	94,853,382	-
Park Authority	125,708,494	53,783,623	-	36,351,101
Economic Development Authority	11,380,873	-	-	-
Total component units	\$ 3,712,621,003	247,830,228	690,164,893	281,592,870

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, 2022

Net position, June 30, 2023

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
				Primary government:
				Governmental activities:
49,994,755	-	49,994,755	-	General government administration
(43,455,330)	-	(43,455,330)	-	Judicial administration
(755,629,552)	-	(755,629,552)	-	Public safety
(90,190,485)	-	(90,190,485)	-	Public works
(484,165,614)	-	(484,165,614)	-	Health and welfare
(249,234,429)	-	(249,234,429)	-	Community development
(137,796,685)	-	(137,796,685)	-	Parks, recreation, and cultural
(2,515,855,422)	-	(2,515,855,422)	-	Education - for Public Schools
(98,934,751)	-	(98,934,751)	-	Interest on long-term debt
(4,325,267,513)	-	(4,325,267,513)	-	Total governmental activities
				Business-type activities:
-	54,443,211	54,443,211	-	Public works - Sewer
-	54,443,211	54,443,211	-	Total business-type activities
(4,325,267,513)	54,443,211	(4,270,824,302)	-	Total primary government
				Component units:
-	-	-	(2,465,008,912)	Public Schools
-	-	-	18,930,543	Redevelopment and Housing Authority
-	-	-	(35,573,770)	Park Authority
-	-	-	(11,380,873)	Economic Development Authority
-	-	-	(2,493,033,012)	Total component units
				General revenues:
				Taxes:
\$ 3,219,943,695	-	3,219,943,695	-	Real property
564,348,311	-	564,348,311	-	Personal property
205,131,120	-	205,131,120	-	Business licenses
305,938,564	-	305,938,564	-	Local sales and use
123,521,957	-	123,521,957	-	Consumers utility
20,852,846	-	20,852,846	-	Recordation
33,739,992	-	33,739,992	-	Occupancy, tobacco, and other
211,421,093	-	211,421,093	636,468,279	Grants and contributions not restricted to specific programs
(11,720,428)	6,541,726	(5,178,702)	5,445,861	Revenue from the use of money
-	-	-	2,382,761,402	Revenue from primary government
-	-	-	4,706,035	Other
4,673,177,150	6,541,726	4,679,718,876	3,029,381,577	Total general revenues
347,909,637	60,984,937	408,894,574	536,348,565	Change in net position
(42,513,345)	1,378,078,905	1,335,565,560	730,648,635	Net position, July 1, 2022
\$ 305,396,292	1,439,063,842	1,744,460,134	1,266,997,200	Net position, June 30, 2023

COUNTY OF FAIRFAX, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2023

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Equity in pooled cash and temporary investments	\$ 289,984,558	354,761,967	644,746,525
Investments	754,516,080	923,061,593	1,677,577,673
Receivables (net of allowances):			
Accounts	11,234,799	23,732,667	34,967,466
Leases	-	760,252	760,252
Accrued interest	-	8,147,483	8,147,483
Property taxes:			
Delinquent	34,410,724	-	34,410,724
Not yet due	3,912,280,019	-	3,912,280,019
Business license taxes - delinquent	2,024,726	-	2,024,726
Loans	-	96,285,964	96,285,964
Notes	-	34,565,000	34,565,000
Due from intergovernmental units (net of allowances):			
Not yet due	211,313,944	-	211,313,944
Other	58,158,883	137,105,179	195,264,062
Due from component units	197,376	-	197,376
Loan to component unit	-	8,505,000	8,505,000
Interfund receivables	9,393,323	-	9,393,323
Prepaid and other assets	1,840,235	780,493	2,620,728
Restricted assets:			
Equity in pooled cash and temporary investments	-	40,823,744	40,823,744
Cash with fiscal agents	-	125,799,590	125,799,590
Property held for sale	-	894,694	894,694
Total assets	5,285,354,667	1,755,223,626	7,040,578,293
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 5,285,354,667	1,755,223,626	7,040,578,293
LIABILITIES			
Accounts payable and accrued liabilities	\$ 37,169,842	97,767,093	134,936,935
Accrued salaries and benefits	45,876,869	13,645,306	59,522,175
Contract retainages	2,348	12,823,025	12,825,373
Due to intergovernmental units	23,443	11,980,312	12,003,755
Due to component units	6,325,896	1,413,091	7,738,987
Interfund payables	1,186,647	9,393,323	10,579,970
Unearned revenue	152,644,216	34,018,459	186,662,675
Performance and other deposits	80,188,814	65,870,761	146,059,575
Total liabilities	323,418,075	246,911,370	570,329,445
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenue	4,159,343,597	-	4,159,343,597
Lease revenue	-	728,757	728,757
Unavailable revenue	23,549,581	55,017,802	78,567,383
Total deferred inflows of resources	4,182,893,178	55,746,559	4,238,639,737
Total liabilities and deferred inflows of resources	\$ 4,506,311,253	302,657,929	4,808,969,182

continued

EXHIBIT A-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES			
Nonspendable:			
Prepaid amounts	\$ 1,840,235	480,500	2,320,735
Total Nonspendable	1,840,235	480,500	2,320,735
Restricted for:			
Public safety, courts, and judicial	-	55,795,969	55,795,969
General public works	-	109,695,863	109,695,863
Stormwater management	-	169,417,856	169,417,856
Transportation	-	376,216,529	376,216,529
Social services, health and welfare	-	29,319,023	29,319,023
Housing and community development	-	52,344,466	52,344,466
Parks, recreation, and cultural	-	17,956,111	17,956,111
Debt service	-	5,111,603	5,111,603
Capital projects	-	152,890,064	152,890,064
Other purposes	-	6,085,847	6,085,847
Total Restricted	-	974,833,331	974,833,331
Committed to:			
Revenue stabilization	263,388,384	-	263,388,384
Managed reserves	204,451,288	-	204,451,288
Public safety, courts, and judicial	610,540	2,334,021	2,944,561
Transportation	-	11,805,309	11,805,309
Social services, health and welfare	2,529,783	79,876,201	82,405,984
Housing and community development	51,449,234	11,206,857	62,656,091
Parks, recreation, and cultural	1,180,801	-	1,180,801
Debt service	-	16,701,367	16,701,367
Capital projects	-	355,328,111	355,328,111
Other purposes	51,464,962	-	51,464,962
Total Committed	575,074,992	477,251,866	1,052,326,858
Assigned to:			
Public safety, courts, and judicial	17,527,983	-	17,527,983
General public works	7,899,436	-	7,899,436
Social services, health and welfare	22,218,751	-	22,218,751
Housing and community development	9,338,219	-	9,338,219
Parks, recreation, and cultural	3,310,305	-	3,310,305
Other purposes	17,158,413	-	17,158,413
Total Assigned	77,453,107	-	77,453,107
Unassigned:	124,675,080	-	124,675,080
Total fund balances	779,043,414	1,452,565,697	2,231,609,111
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,285,354,667	1,755,223,626	7,040,578,293

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, 2023

EXHIBIT A-2

Fund balances - Total governmental funds \$ 2,231,609,111

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	\$ 478,066,487	
Construction in progress	462,176,108	
Equipment under construction	46,688,346	
Software in development	37,078,270	
Depreciable/amortizable assets:		
Vehicles and equipment	410,245,674	
Software	213,371,069	
Library collections	126,537,418	
Buildings and improvements	2,142,914,859	
Infrastructure	1,300,196,333	
Right-to-use lease assets	144,523,809	
Right-to-use subscription assets	19,666,904	
Total capital assets	5,381,465,277	
Less accumulated depreciation/amortization	(1,940,087,330)	3,441,377,947

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 inflows in the funds:

Delinquent taxes (net of allowances):		
Property	\$ 29,890,590	
Business license	2,024,726	
Sales and use and other taxes		
Other charges for services	1,023,708	
Notes receivable from component unit	34,565,000	67,504,024

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

Sales and use and other taxes	\$ 24,811,482	
EMS transport and other charges for services	3,060,100	27,871,582

Investment fair value adjustment is recorded in the government-wide statements but not in the fund financial statements (81,391,804)

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 outflows of resources or a deferred inflows of resources:

Deferred loss on refunding of debt	\$ 39,161,900	
Deferred gain on refunding of debt	(5,428,340)	33,733,560

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

Deferred outflow for pension contributions subsequent to the measurement date	\$ 313,856,564	
Deferred outflow for change in proportion (pensions)	13,542,503	
Deferred outflow for differences between expected and actual experience (pensions)	349,470,535	
Deferred outflow for recognition of pension investments	168,535,758	
Deferred outflow for changes in assumptions (pensions)	170,854,023	
Deferred inflow for differences between expected and actual experience (pensions)	(34,710,187)	
Deferred inflow of recognition of pension investments	(42,317,568)	
Deferred inflow for change in proportion (pensions)	(11,144,630)	
Deferred outflow for OPEB contributions subsequent to the measurement date	14,102,655	
Deferred outflow for differences between expected and actual experience (OPEB)	51,100,334	
Deferred outflow for recognition of investments (OPEB)	55,636,231	
Deferred outflow for changes in assumptions (OPEB)	39,066,024	
Deferred inflow related to differences between actual and expected experience (OPEB)	(4,173,610)	
Deferred recognition of OPEB investments	(41,302,889)	
Deferred inflow for change in proportion (OPEB)	(8,598)	
Deferred inflow for change in assumptions (OPEB)	(121,736,455)	920,770,690

continued

COUNTY OF FAIRFAX, VIRGINIA
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2023

EXHIBIT A-2
concluded

Certain other receivables are accrued only in the government-wide statements		386,328
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	\$ 349,138,174	
Capital assets	330,793,590	
Less accumulated depreciation/amortization	(202,810,002)	
Liabilities	<u>(144,723,719)</u>	332,398,043
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	\$ (2,719,585,203)	
Revenue bonds payable, net	(60,225,367)	
Notes payable	(27,669,545)	
Compensated absences payable	(167,745,258)	
Landfill closure and postclosure obligation	(55,362,446)	
Lease liability	(115,317,360)	
Subscription liability	(14,167,699)	
Net pension liability	(2,385,173,445)	
Net OPEB liability	(7,516,762)	
Other long-term liabilities	(13,437,081)	
Accrued interest on long-term debt	(36,182,648)	
Component unit long-term debt	<u>(1,066,480,375)</u>	<u>(6,668,863,189)</u>
Net position of governmental activities		<u>\$ 305,396,292</u>

COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2023

EXHIBIT A-3

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 4,388,203,709	79,159,923	4,467,363,632
Permits, privilege fees, and regulatory licenses	9,840,841	63,256,309	73,097,150
Intergovernmental	443,076,170	346,670,365	789,746,535
Charges for services	64,757,492	359,495,602	424,253,094
Fines and forfeitures	9,180,575	279,717	9,460,292
Developers' contributions	-	2,789,571	2,789,571
Revenue from the use of money and property	128,629,518	42,396,734	171,026,252
Recovered costs	10,221,650	10,069,360	20,291,010
Gifts, donations, and contributions	750,993	419,124	1,170,117
Total revenues	5,054,660,948	904,536,705	5,959,197,653
EXPENDITURES			
Current:			
General government administration	183,535,889	10,959,149	194,495,038
Judicial administration	75,491,790	732,719	76,224,509
Public safety	790,523,334	86,654,395	877,177,729
Public works	82,056,184	133,155,099	215,211,283
Health and welfare	445,737,271	322,892,973	768,630,244
Community development	79,907,759	323,623,093	403,530,852
Parks, recreation, and cultural	43,971,560	18,212,555	62,184,115
Intergovernmental:			
Community development	50,829,768	95,921,579	146,751,347
Parks, recreation, and cultural	48,872,049	40,367,226	89,239,275
Education - for Public Schools	2,307,977,486	207,877,936	2,515,855,422
Capital outlay:			
General government administration	30,408,448	21,593,069	52,001,517
Judicial administration	182,762	301,528	484,290
Public safety	44,692,592	61,499,078	106,191,670
Public works	26,974,884	64,735,486	91,710,370
Health and welfare	386,638	8,843,635	9,230,273
Community development	180,543	78,039,093	78,219,636
Parks, recreation, and cultural	5,347,728	9,360,168	14,707,896
Debt service:			
Principal retirement	15,424,918	306,463,700	321,888,618
Interest and other charges	1,604,164	119,076,981	120,681,145
Total expenditures	4,234,105,767	1,910,309,462	6,144,415,229
Excess (deficiency) of revenues over (under) expenditures	820,555,181	(1,005,772,757)	(185,217,576)
OTHER FINANCING SOURCES (USES)			
Transfers in	15,892,936	887,621,102	903,514,038
Transfers out	(859,452,246)	(69,134,535)	(928,586,781)
General obligation bonds issued	-	321,900,000	321,900,000
Premium on general obligation bonds issued	-	29,142,774	29,142,774
Notes issued	27,669,545	-	27,669,545
Leases	38,075,822	7,007,342	45,083,164
Total other financing sources (uses), net	(777,813,943)	1,176,536,683	398,722,740
Net change in fund balances	42,741,238	170,763,926	213,505,164
Fund balances, July 1, 2022	736,302,176	1,281,801,771	2,018,103,947
Fund balances, June 30, 2023	\$ 779,043,414	1,452,565,697	2,231,609,111

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, 2023

EXHIBIT A-3
concluded

Net change in fund balances - Total governmental funds \$ 213,505,164

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	\$ 352,545,652	
Less depreciation/amortization expense	<u>(163,131,686)</u>	189,413,966

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. (12,133,763)

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. 21,222,707

Build America Bonds interest subsidy accrual is not recognized as revenue in the fund statements (50,847)

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 governmental funds:

Delinquent property taxes	\$ 5,354,321	
Delinquent business license taxes	669,096	
Other charges for services	<u>202,437</u>	6,225,854

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	\$ 89,436	
EMS transport and other charges for services	<u>1,238,918</u>	1,328,354

Investment fair value adjustment is recorded in the government-wide statements but not in the fund financial statements (13,246,425)

The receipt of principal payments for the lease to the component unit does not result in a revenue in the Statement of Activities. (2,325,000)

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:

General Obligation Bonds	\$ (351,042,774)	
Notes Payable	(27,669,545)	
Leases	<u>(45,083,164)</u>	(423,795,483)

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. 7,257,694

Certain other long-term liabilities are recognized only in the government-wide statements, resulting in a net difference. 868,274

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	\$ 302,388,606	
Principal payments of leases	<u>19,500,012</u>	321,888,618

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 leases	\$ (13,193,238)	
Amortization of bond premiums and discounts	43,586,012	
Amortization of deferred gains on bond refundings	1,655,471	
Amortization of deferred losses on bond refundings	<u>(9,645,460)</u>	22,402,785

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	\$ (3,670,153)	
Compensated absences	(6,551,132)	
Net pension liability	<u>(39,155,756)</u>	(49,377,041)

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. 64,724,780

Change in net position of governmental activities \$ 347,909,637

COUNTY OF FAIRFAX, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2023

EXHIBIT A-4

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Equity in pooled cash and temporary investments	\$ 181,796,264	342,289,814
Accounts receivable	703,111	6,514
Due from intergovernmental units (net of allowance)	64,569,034	63,945
Interfund receivables	-	1,186,647
Inventories of supplies	326,342	3,068,350
Prepaid and other assets	-	2,522,904
Total unrestricted current assets	247,394,751	349,138,174
Restricted assets:		
Equity in pooled cash and temporary investments	90,762,795	-
Temporary investments with fiscal agents	54,235,528	-
Investments with fiscal agents	31,958,291	-
Total restricted current assets	176,956,614	-
Total current assets	424,351,365	349,138,174
Long-term assets:		
Capital assets:		
Non-depreciable/non-amortizable:		
Land	24,477,054	1,938,688
Easements	987,850	-
Construction in progress	197,768,389	29,083,156
Equipment under construction	-	8,810,348
Depreciable/amortizable:		
Vehicles and equipment	19,200,009	209,577,191
Software	-	2,200,587
Purchased capacity	1,209,528,528	-
Buildings and improvements	96,950,088	22,215,737
Infrastructure	1,749,603,548	4,597,790
Right-to-use lease assets	-	4,901,240
Right-to-use subscription assets	-	47,468,853
Accumulated depreciation	(869,040,861)	(181,322,334)
Accumulated amortization	(552,843,313)	(21,487,668)
Total capital assets, net	1,876,631,292	127,983,588
Other long-term assets:		
Accounts receivable	90,993	-
Total other long-term assets	90,993	-
Total long-term assets	1,876,722,285	127,983,588
Total assets	2,301,073,650	477,121,762
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow for pension contributions subsequent to the measurement date	6,388,346	-
Deferred outflow for change in proportion (pensions)	2,120,150	-
Deferred outflow for differences between expected and actual experience (pensions)	4,690,025	-
Deferred outflow for changes in assumptions (pensions)	3,372,597	-
Deferred outflow of recognition of pension investments	580,552	-
Deferred outflow for OPEB contributions subsequent to the measurement date	357,704	-
Deferred outflow for differences between expected and actual experience (OPEB)	1,316,586	-
Deferred outflow for recognition of investments (OPEB)	369,295	-
Deferred outflow for changes in assumptions (OPEB)	1,006,525	-
Deferred amounts from the refunding of debt	30,268,346	-
Total deferred outflows of resources	\$ 50,470,126	-

See accompanying notes to the financial statements.

continued

EXHIBIT A-4

concluded

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,440,336	11,183,678
Accrued salaries and benefits	1,583,706	1,437,751
Contract retainages	7,211,361	-
Contracts payable	22,548,677	-
Accrued interest payable	9,792,799	573,542
Revenue bonds payable, net	36,781,955	-
Compensated absences payable	1,674,413	1,470,254
Lease liability	-	1,052,809
Subscription liability	-	15,384,882
Insurance and benefit claims payable	-	13,723,000
Total current liabilities	83,033,247	44,825,916
Long-term liabilities:		
Revenue bonds payable, net	774,052,163	-
Compensated absences payable	1,887,599	2,962,391
Lease liability	-	1,061,411
Subscription liability	-	14,379,001
Insurance and benefit claims payable	-	81,495,000
Net pension liability	45,202,652	-
Net other postemployment benefit liability	193,667	-
Total long-term liabilities	821,336,081	99,897,803
Total liabilities	904,369,328	144,723,719
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to differences between actual and expected experience (pensions)	681,910	-
Deferred inflow related to differences between actual and expected experience (OPEB)	107,532	-
Deferred inflow for change in proportion (OPEB)	38,734	-
Deferred inflow for change in assumptions (OPEB)	3,136,505	-
Total deferred inflow of resources	8,110,606	-
NET POSITION		
Net investment in capital assets	1,186,134,177	96,105,485
Restricted for:		
Debt service	54,235,528	-
Unrestricted	198,694,137	236,292,558
Net position	\$ 1,439,063,842	332,398,043

COUNTY OF FAIRFAX, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2023

EXHIBIT A-5

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 242,725,291	380,913,706
Recovered costs	-	244,854
Total operating revenues	242,725,291	381,158,560
OPERATING EXPENSES:		
Personnel services	44,399,195	35,641,463
Materials and supplies	18,672,298	3,576,390
Equipment operation and maintenance	-	46,059,305
Risk financing and benefit payments	-	190,092,264
Depreciation and amortization	69,828,776	34,776,232
Professional consultant and contractual services	58,042,941	25,074,590
Other	-	9,423,931
Total operating expenses	190,943,210	344,644,175
Operating income	51,782,081	36,514,385
NONOPERATING REVENUES (EXPENSES):		
Availability fees	23,514,132	-
Interest revenue	6,541,726	3,137,866
Interest expense	(25,119,429)	(656,391)
Gain on disposal of capital assets	30,589	656,177
Total nonoperating expenses, net	4,967,018	3,137,652
Income before contributions and transfers	56,749,099	39,652,037
Capital contributions	4,235,838	-
Transfers in	-	25,072,743
Change in net position	60,984,937	64,724,780
Net position, July 1, 2022	1,378,078,905	267,673,263
Net position, June 30, 2023	\$ 1,439,063,842	332,398,043

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2023

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	\$ 237,981,619	-
Receipts from interfund services provided	-	379,358,413
Payments to suppliers and contractors	(77,766,322)	(72,261,111)
Payments to employees	(44,628,255)	(36,383,442)
Claims and benefits paid	-	(194,208,984)
Payments for interfund services used	-	(6,659,502)
Net cash provided by operating activities	115,587,042	69,845,374
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	25,072,743
Net cash provided by noncapital financing activities	-	25,072,743
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Availability fees received	23,514,132	-
Capital grants received	112,808	-
Increase in contract retainages	7,211,361	-
Decrease in contracts payable	(1,351,398)	-
Principal payments on sewer revenue bonds	(27,831,369)	-
Interest payments on sewer revenue bonds	(26,951,366)	-
Proceeds from sale of capital assets	30,589	656,177
Purchase of capital assets, other than purchased capacity	(102,693,211)	(16,957,866)
Acquisition of purchased capacity	(17,161,861)	-
Principal payments on obligations under leases	-	(20,501,870)
Interest payments on obligations under leases	-	(647,313)
Net cash used in capital and related financing activities	(145,120,315)	(37,450,872)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of restricted investments	33,483,255	-
Purchases of restricted investments	(38,720,321)	-
Interest received	6,160,015	3,137,866
Net cash provided by investing activities	922,949	3,137,866
Net increase (decrease) in cash and cash equivalents	(28,610,324)	60,605,111
Cash and cash equivalents, July 1, 2022	301,169,383	281,684,703
Cash and cash equivalents, June 30, 2023	\$ 272,559,059	342,289,814
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 51,782,081	36,514,385
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	69,828,776	34,776,232
Change in assets and liabilities:		
(Increase) in accounts receivable	-	(4,107)
(Increase) in intergovernmental receivables	(4,743,672)	(43,325)
Decrease in interfund receivables	-	770,290
Decrease in inventories of supplies	176,374	916,400
(Increase)/Decrease in other assets	173,391	(2,522,904)
Increase/(Decrease) in accounts payable and accrued liabilities	(1,400,848)	196,281
Increase in pension and OPEB related deferred outflows and deferred inflows	123,130	-
(Decrease) in accrued salaries and benefits	(352,190)	(757,878)
Total adjustments to operating income	63,804,961	33,330,989
Net cash provided by operating activities	\$ 115,587,042	69,845,374
Noncash investing, capital, and financing activities:		
Capital contributions - sewer lines, manholes, and equipment	\$ 4,123,030	-
Gain on disposal of capital assets	-	656,177
Initiation of an obligation under lease	-	46,908,974
Increase in long-term debt resulting from the issuance of loans/revenue bonds by UOSA	19,647,019	-
Amortization of bond premium	4,257,909	-
Increase in fair value of investments not classified as cash and cash equivalents	147,098	-
Removal of purchased capacity through credit of UOSA debt	184,391	-
UOSA adjustment to bond payments	22,035	-
Decrease in long-term debt resulting from the sale of purchased capacity	(374,455)	-

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Fiduciary Net Position
Trust and Custodial Funds
June 30, 2023

EXHIBIT A-7

	Pension/OPEB Trust Funds	Custodial Funds
ASSETS		
Equity in pooled cash and temporary investments	\$ 36,826,273	3,684,894
Cash collateral for securities lending	129,074,227	-
Accounts receivable	-	130,551
Contributions receivable	15,218,685	-
Accrued interest and dividends receivable	13,654,565	-
Receivable from sale of pension investments	813,493,648	-
Due from intergovernmental units	-	517
Buildings and improvements	32,901	-
Vehicles and equipment	22,271	-
Right-to-use subscription assets, net	991,666	-
Investments:		
U.S. Government and agency securities	651,293,208	-
Asset-backed securities	233,249,440	-
Corporate and other bonds	653,280,738	-
Common and preferred stock	1,572,615,794	-
Alternative investments	4,798,375	-
Short-term investments	(58,468,048)	-
Investment in pooled funds	5,676,050,779	-
Total assets	9,742,134,522	3,815,962
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows of resources	-	-
LIABILITIES		
Accounts payable and accrued liabilities	24,143,686	45
Payable for purchase of pension investments	824,460,471	-
Liabilities for collateral received under securities lending agreements	129,074,227	-
Due to intergovernmental units	-	190,467
Performance and other deposits	-	790,526
Compensated absences, short-term	125,529	-
Subscription liabilities, short-term	379,269	-
Long-term liabilities:		
Compensated absences, long-term	412,000	-
Subscription liabilities, long-term	568,619	-
Total liabilities	979,163,801	981,038
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows of resources	-	-
NET POSITION		
Net position restricted for OPEB benefits	403,797,579	-
Net position restricted for pension benefits	8,359,173,142	-
Net position restricted for individuals, organizations, and other governments	-	2,834,924
Total net position	\$ 8,762,970,721	2,834,924

See accompanying notes to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Statement of Changes in Fiduciary Net Position
Trust and Custodial Funds
For the fiscal year ended June 30, 2023

EXHIBIT A-8

	Pension/OPEB Trust Funds	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 412,160,396	-
Plan members	71,391,653	-
Other	2,328,956	-
Total contributions	485,881,005	-
Investment income (loss):		
From investment activities:		
Net depreciation in fair value of investments	(5,542,777)	-
Interest	44,422,425	48,434
Dividends	38,711,550	-
Total income from investment activities	77,591,198	48,434
Less investment activities expenses:		
Management fees	86,081,308	572
Other	3,896,900	-
Total investment activities expenses	89,978,208	572
Net income (loss) from investment activities	(12,387,010)	47,862
From securities lending activities:		
Securities lending income	1,911,842	-
Less securities lending expenses:		
Management fees	541,960	-
Total securities lending activities expenses	541,960	-
Net income from securities lending activities	1,369,882	-
Net investment income (loss)	(11,017,128)	47,862
Collections:		
Taxes and fees for other governments	-	31,340,908
Intergovernmental for individuals	-	614,050
Penalty for other governments and organizations	-	913,095
Other for organizations and individuals	-	748,221
Total collections	-	33,616,274
Total additions	474,863,877	33,664,136
DEDUCTIONS		
Benefits	652,154,824	-
Refunds of contributions	6,415,023	-
Administrative expenses	4,091,875	66,679
Payments:		
Taxes and fees to other governments	-	30,718,289
Intergovernmental collections to individuals	-	631,442
Penalties to other governments and organizations	-	913,145
Other collections to organizations and individuals	-	553,435
Total payments	-	32,816,311
Total deductions	662,661,722	32,882,990
Change in net position	(187,797,845)	781,146
Net position, July 1, 2022	8,950,768,566	2,053,778
Net position, June 30, 2023	\$ 8,762,970,721	2,834,924
See accompanying notes to the financial statements.		

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2023

	Public Schools	Redevelopment and Housing Authority	Park Authority
ASSETS			
Equity in pooled cash and temporary investments	\$ 701,319,731	25,556,191	31,615,775
Cash in banks/with fiscal agents/escrow	551,183	66,932,315	-
Investments	-	6,608,000	-
Receivables (net of allowances):			
Accounts	14,875,659	3,935,135	697,089
Accrued interest	220,917	139,498	128,490
Notes	-	27,993,397	-
Lease	532,809	347,044	-
Due from intergovernmental units	129,233,939	-	-
Due from primary government	169,569	66,245,275	8,764,338
Inventories of supplies	1,241,031	-	-
Prepaid and other assets	354,722	3,693,662	413,708
Restricted assets:			
Equity in pooled cash and temporary investments	125,236,567	-	31,104,104
Cash with fiscal agents	-	41,647,091	-
Deposit held in trust	-	6,345,003	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land and easements	46,837,095	84,058,697	402,253,820
Construction in progress	279,227,896	8,719,423	28,267,594
Depreciable/amortizable:			
Vehicles and equipment	365,865,345	7,965,661	14,564,491
Software	14,037,906	-	-
Library collections	18,915,527	-	-
Buildings and improvements	4,802,131,918	243,470,947	600,761,781
Right-to-use lease assets	73,570,764	1,114,790	2,631,762
Right-to-use subscription assets	81,788,887	751,703	1,976,321
Accumulated depreciation	(2,747,002,497)	(160,809,058)	(333,344,860)
Accumulated amortization	(42,539,004)	(213,335)	(1,308,695)
Lease receivable	1,278,709	19,983,154	-
Total assets	<u>3,867,848,673</u>	<u>454,484,593</u>	<u>788,525,718</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for pension contributions subsequent to the measurement date	472,916,631	3,756,086	8,712,946
Deferred outflow for change in proportion (pensions)	26,654,828	526,958	-
Deferred outflow for differences between expected and actual experience (pensions)	87,256,928	2,636,924	6,037,012
Deferred outflow for recognition of pension investments	100,992,982	326,410	747,288
Deferred outflow for changes in assumptions (pensions)	309,227,753	1,896,212	4,341,215
Deferred outflow for OPEB contributions subsequent to the measurement date	30,655,968	208,136	664,374
Deferred outflow for change in proportion (OPEB)	4,241,509	-	302,234
Deferred outflow for differences between expected and actual experience (OPEB)	61,423,566	1,014,051	2,448,289
Deferred outflow for recognition of investments (OPEB)	6,251,231	284,435	686,731
Deferred outflow for changes in assumptions (OPEB)	9,933,395	775,238	1,871,708
Deferred amounts from the refunding of debt	3,227,885	-	-
Total deferred outflows of resources	<u>\$ 1,112,782,676</u>	<u>11,424,450</u>	<u>25,811,797</u>

See accompanying notes to the financial statements.

EXHIBIT A-9

Economic Development Authority	Total Component Units	
ASSETS		
-	758,491,697	Equity in pooled cash and temporary investments
-	67,483,498	Cash in banks/with fiscal agents/escrow
-	6,608,000	Investments
		Receivables (net of allowances):
-	19,507,883	Accounts
-	488,905	Accrued interest
-	27,993,397	Notes
-	879,853	Lease
-	129,233,939	Due from intergovernmental units
1,023,114,833	1,098,294,015	Due from primary government
-	1,241,031	Inventories of supplies
-	4,462,092	Prepaid and other assets
		Restricted assets:
2,681,000	159,021,671	Equity in pooled cash and temporary investments
-	41,647,091	Cash with fiscal agents
-	6,345,003	Deposit held in trust
		Capital assets:
		Non-depreciable/non-amortizable:
-	533,149,612	Land and easements
-	316,214,913	Construction in progress
		Depreciable/amortizable:
19,289	388,414,786	Equipment
-	14,037,906	Software
-	18,915,527	Library collections
1,176,811	5,647,541,457	Buildings and improvements
2,438,057	79,755,373	Right-to-use lease assets
41,151	84,558,062	Right-to-use subscription assets
(19,289)	(3,241,175,704)	Accumulated depreciation
(2,677,202)	(46,738,236)	Accumulated amortization
-	21,261,863	Lease receivable
1,026,774,650	6,137,633,634	Total assets
DEFERRED OUTFLOWS OF RESOURCES		
1,120,955	486,506,618	Deferred outflow for pension contributions subsequent to the measurement date
476,001	27,657,787	Deferred outflow for change in proportion (pensions)
820,154	96,751,018	Deferred outflow for differences between expected and actual experience (pensions)
101,522	102,168,202	Deferred outflow for recognition of pension investments
589,773	316,054,953	Deferred outflow for changes in assumptions (pensions)
39,045	31,567,523	Deferred outflow for OPEB contributions subsequent to the measurement date
-	4,543,743	Deferred outflow for change in proportion (OPEB)
145,665	65,031,571	Deferred outflow for differences between expected and actual experience (OPEB)
40,858	7,263,255	Deferred outflow for recognition of investments (OPEB)
111,360	12,691,701	Deferred outflow for changes in assumptions (OPEB)
-	3,227,885	Deferred amounts from the refunding of debt
3,445,333	1,153,464,256	Total deferred outflows of resources

continued

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Net Position
Component Units
June 30, 2023

	Public Schools	Redevelopment and Housing Authority	Park Authority
LIABILITIES			
Accounts payable and accrued liabilities	\$ 65,908,676	7,454,909	9,177,729
Accrued salaries and benefits	100,640,171	482,095	3,002,229
Contract retainages	12,850,585	-	847,500
Accrued interest payable	2,473,373	10,741,249	13,498
Due to intergovernmental units	-	113,433	4,000
Other current liabilities	-	362,797	-
Due to primary government	-	-	197,376
Unearned revenue	18,187,878	1,717,908	16,142,748
Performance and other deposits	23,231,232	2,383,899	784,426
Long-term liabilities:			
Portion due or payable within one year:			
Revenue bonds payable, net	-	4,000,576	-
Notes payable	24,867,456	721,836	694,721
Compensated absences payable	29,309,696	363,582	2,089,434
Lease liability	10,306,752	772,077	351,436
Subscription liability	13,352,183	188,104	349,541
Insurance and benefit claims payable	38,030,447	-	-
Loan from primary government	-	-	765,000
Portion due or payable after one year:			
Revenue bonds payable, net	-	80,456,416	-
Notes payable	66,056,626	60,595,340	1,035,728
Compensated absences payable	12,561,298	285,757	4,506,175
Lease liability	46,232,632	377,637	1,758,101
Subscription liability	47,697,991	385,591	456,770
Insurance and benefit claims payable	44,789,288	-	-
Net OPEB liability	348,724,057	149,165	360,139
Loan from primary government	-	-	7,740,000
Net pension liability	3,191,344,129	25,414,783	58,184,965
Total liabilities	4,096,564,470	196,967,154	108,461,516
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to differences between actual and expected experience (pensions)	135,546,945	383,398	877,756
Deferred recognition of pension investments	220,868,843	-	-
Deferred inflow for change in proportion and assumptions (pensions)	91,045,959	3,921,984	2,400,810
Deferred inflow related to differences between actual and expected experience (OPEB)	29,780,527	82,822	199,964
Deferred recognition of OPEB investments	5,990,139	-	-
Deferred inflow for change in proportion (OPEB)	11,743,566	66,078	-
Deferred inflow for change in assumptions (OPEB)	52,344,126	2,415,777	5,832,566
Deferred inflows related to lease	1,767,532	20,363,990	-
Total deferred inflow of resources	549,087,637	27,234,049	9,311,096
NET POSITION			
Net investment in capital assets	2,674,697,497	123,741,648	701,803,417
Restricted for:			
Grant and education programs	107,455,791	-	-
Housing	-	45,608,195	-
Capital projects	132,578,987	-	26,825,487
E.C. Lawrence Trust - Nonexpendable reserve	-	-	1,507,926
Unrestricted (deficit)	(2,579,753,033)	72,357,997	(33,571,927)
Net position	\$ 334,979,242	241,707,840	696,564,903

See accompanying notes to the financial statements.

EXHIBIT A-9

concluded

Economic Development Authority	Total Component Units	
		LIABILITIES
203,345	82,744,659	Accounts payable and accrued liabilities
215,048	104,339,543	Accrued salaries and benefits
-	13,698,085	Contract retainages
-	13,228,120	Accrued interest payable
-	117,433	Due to intergovernmental units
-	362,797	Other current liabilities
-	197,376	Due to primary government
2,681,000	38,729,534	Unearned revenue
-	26,399,557	Performance and other deposits
		Long-term liabilities:
		Portion due or payable within one year:
52,861,358	56,861,934	Revenue bonds payable, net
-	26,284,013	Notes payable
255,747	32,018,459	Compensated absences payable
831,148	12,261,413	Lease liability
-	13,889,828	Subscription liability
-	38,030,447	Insurance and benefit claims payable
-	765,000	Loan from primary government
		Portion due or payable after one year:
969,835,895	1,050,292,311	Revenue bonds payable, net
-	127,687,694	Notes payable
317,984	17,671,214	Compensated absences payable
281,188	48,649,558	Lease liability
-	48,540,352	Subscription liability
-	44,789,288	Insurance and benefit claims payable
21,427	349,254,788	Net OPEB liability
-	7,740,000	Loan from primary government
7,904,682	3,282,848,559	Net pension liability
1,035,408,822	5,437,401,962	Total liabilities
		DEFERRED INFLOWS OF RESOURCES
119,247	136,927,346	Deferred inflow related to differences between actual and expected experience (pensions)
-	220,868,843	Deferred recognition of pension investments
398,961	97,767,714	Deferred inflow for change in proportion (pensions)
		Deferred inflow related to differences between actual and expected experience (OPEB)
11,897	30,075,210	
-	5,990,139	Deferred recognition of OPEB investments
188,823	11,998,467	Deferred inflow for change in proportion (OPEB)
347,018	60,939,487	Deferred inflow for change in assumptions (OPEB)
-	22,131,522	Deferred inflows related to lease
1,065,946	586,698,728	Total deferred inflow of resources
		NET POSITION
(133,519)	3,500,109,043	Net investment in capital assets
		Restricted for:
-	107,455,791	Grant and education programs
-	45,608,195	Housing
-	159,404,474	Capital projects
-	1,507,926	E.C. Lawrence Trust
(6,121,266)	(2,547,088,229)	Unrestricted (deficit)
(6,254,785)	1,266,997,200	Net position

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Activities
Component Units
For the fiscal year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$ 3,457,306,295	151,744,103	595,311,511	245,241,769
Redevelopment and Housing Authority:				
Community development	118,225,341	42,302,502	94,853,382	-
Park Authority:				
Parks, recreation, and cultural	125,708,494	53,783,623	-	36,351,101
Economic Development Authority:				
Community development	11,380,873	-	-	-
Total component units	\$ 3,712,621,003	247,830,228	690,164,893	281,592,870

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, 2022

Net position, June 30, 2023

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
(2,465,008,912)	-	-	-	(2,465,008,912)
-	18,930,543	-	-	18,930,543
-	-	(35,573,770)	-	(35,573,770)
-	-	-	(11,380,873)	(11,380,873)
(2,465,008,912)	18,930,543	(35,573,770)	(11,380,873)	(2,493,033,012)
\$ 631,218,667	-	5,249,612	-	636,468,279
1,730,933	2,875,808	790,258	48,862	5,445,861
2,275,310,924	35,429,608	60,691,102	11,329,768	2,382,761,402
3,564,433	1,141,602	-	-	4,706,035
2,911,824,957	39,447,018	66,730,972	11,378,630	3,029,381,577
446,816,045	58,377,561	31,157,202	(2,243)	536,348,565
(111,836,803)	183,330,279	665,407,701	(6,252,542)	730,648,635
\$ 334,979,242	241,707,840	696,564,903	(6,254,785)	1,266,997,200



COUNTY OF FAIRFAX, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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 accounting principles generally accepted in the United States of America (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. The CDA presentation consists of a special revenue, a debt service fund, and a capital projects fund. The CDA 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 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 2023, Fairfax Water collected approximately \$224.1 million on behalf of the County, and as of June 30, 2023, the County has receivables of approximately \$52.4 million due from Fairfax Water.

Joint Ventures

The County is a participant in the Upper Occoquan Service Authority (UOSA), which 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), which 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-9 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 Fund - The debt service fund is 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 (OPEB) 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 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, 2023, 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, 2023, interest earned by these funds and assigned directly to the County's General Fund is as shown on the right.

<u>Primary Government</u>	
Nonmajor Governmental Funds	\$ 13,771,512
Internal Service Funds	1,871,313
Custodial Funds	22,241
Total primary government	15,665,066
<u>Component Units</u>	
Public Schools	13,035,749
FCRHA	283
Park Authority	80,668
Total component units	13,116,700
Total reporting entity	\$ 28,781,766

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 GAAP.

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, 2023, the Sewer System has cash and investments that are restricted for the following uses:

Restricted Assets of the Sewer System	
Unspent bond proceeds	\$ 90,762,795
Long-term debt service requirements	31,958,291
Current debt service requirements	54,235,528
Total restricted assets	<u>\$ 176,956,614</u>

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, infrastructure, and right-to-use leases and subscriptions, 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.

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

Capital Assets	Useful Lives
Infrastructure	10-50 years
Buildings	20-50 years
Purchased capacity	99 years
Improvements	15-25 years
Vehicles	5-12 years
Equipment	5-20 years
Library collections	5 years
Software	5-15 years
Right-to-use leases*	1-24 years
Right-to-use subscriptions**	1-10 years

* Based on the underlying agreement of lease term

** Based on the underlying agreement of software subscription term

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 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, 2023, the Primary Government had \$488.6 million restricted net position, of which \$383.7 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 \$1,093.22 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 \$128.9 million for capital projects with the balance of \$1,093.2 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	\$ 3,823,286,421	3,500,109,043	(1,583,296,579)	(191,009,319)	(1,774,305,898)	5,549,089,566
Restricted	488,576,517	313,976,386	(125,236,567)	(3,646,307)	(128,882,874)	673,670,029
Unrestricted	(2,567,402,804)	(2,547,088,229)	1,708,533,146	194,655,626	1,903,188,772	(3,211,302,261)
Net position	\$ 1,744,460,134	1,266,997,200	-	-	-	3,011,457,334

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	\$ 17,527,983
General public works	7,899,436
Social services, health and welfare	22,218,751
Housing and community development	9,338,219
Parks, recreation, and cultural	3,310,305
Other purposes	17,158,413
Total General Fund	<u>77,453,107</u>
Capital Projects Funds	
Capital Project	<u>\$ 235,793,243</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 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, Virginia (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, Virginia 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, 2023:

Pooled investments		Quoted Prices in Active markets for Identical Assets Level 1		Observable Inputs other than Quoted Prices Level 2		Significant Unobservable Inputs Level 3
Investments by Fair Value Level	6/30/2023		Primary Government	Component Unit		
Cash & Cash Equivalents:						
Negotiable Certificates of Deposit	\$ 1,070,000,000	-	820,273,179	249,726,821	-	-
Commercial Paper	402,387,250	-	308,474,270	93,912,980	-	-
Fixed Income Securities:						
US Treasury and Agencies	1,199,875,327	-	919,836,961	280,038,366	-	-
Corporate Notes	253,340,846	-	194,213,739	59,127,107	-	-
Supranational	29,761,500	-	22,815,477	6,946,023	-	-
Total investment by Fair Value Level	\$ 2,955,364,923	-	2,265,613,626	689,751,297	-	-

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.

Primary Government pension holdings reported at fair value and net asset value are presented below:

Primary Government - Pension Trust Funds:		Fair Value Measurements Using		
Investments by Fair Value Level	6/30/2023	Quoted Prices in Active markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Asset-backed securities	\$ 233,249,440	-	66,135,834	167,113,606
Convertible or exchangeable securities	9,262,150	87,900	9,174,250	-
Corporate and other bonds	348,084,259	27,540,028	181,070,832	139,473,399
Equity	1,569,655,583	1,421,677,589	-	147,977,994
Futures contracts	15,185,207	15,185,207	-	-
International bonds	280,749,122	-	274,824,565	5,924,557
Natural resources	4,798,375	-	-	4,798,375
Preferred securities	2,960,211	1,962,525	970,040	27,646
US government obligations	651,293,208	-	651,293,208	-
Total investment by Fair Value Level	\$ 3,115,237,555	1,466,453,249	1,183,468,729	465,315,577
Investments measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute return	\$ 1,261,651,697	-	Daily, Monthly, Quarterly	2-90 days
Global equity	1,247,105,784	565,882,118	None, Daily, Monthly, Quarterly	0-90 days, N/A
Global fixed income	1,446,022,068	400,509,131	None, Daily, Monthly, Quarterly, Semi-Annually	0-90 days, N/A
Global multi-asset	557,148,635	-	Daily, Monthly, Quarterly	1-90 days
Global real assets	763,938,102	284,821,100	None, Daily, Quarterly	0-60 days, N/A
Total investments measured at the NAV	5,275,866,286	1,251,212,349		
Investments Measured at Amortized Cost				
Short-Term	<u>(58,468,048)</u>			
Total investments	\$ 8,332,635,793			

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.

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 130percent 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 distresses 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 unit pension holdings reporting at fair value and net asset value are presented below:

Component Unit - Pension Trust Fund:		Fair Value Measurements Using		
		Quoted Prices in Active markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investments by Fair Value Level	6/30/2023	Level 1	Level 2	Level 3
Short-term securities	\$ 50,763,024	6,995,251	-	43,767,773
Debt securities				
Asset and mortgage backed securities	151,874,330	-	151,874,330	-
Corporate bonds	267,355,914	574,341	262,153,350	4,628,223
Convertible securities	6,329,630	-	6,329,630	-
International bonds	586,765	-	586,765	-
Municipal bonds	525,748	-	525,748	-
US government obligations	160,214,589	156,033,602	4,180,987	-
Total debt securities	586,886,976	156,607,943	425,650,810	4,628,223
Equity investments	314,666,906	314,666,906	-	-
Total investment by Fair Value Level	\$ 952,316,906	478,270,100	425,650,810	48,395,996
Investments measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled large cap equity funds	\$ 371,475,360	-	Daily	None
Commingled emerging markets equity funds	142,687,123	-	Daily	3 days
Commingled global equity fund	374,815,414	-	Daily	None
Commingled TIPS fund	100,751,812	-	Daily	None
Commingled global fixed income funds	2,462,003	-	Daily	None
Commingled emerging markets debt funds	66,102,994	-	Monthly	30 days
Private markets	445,742,619	292,539,494	Not eligible	N/A
Commingled Multi asset class solutions	126,407,441	-	Monthly	5 days
Commingled Hedge funds	225,645,325	-	Monthly	30 days
Commingled real estate equity funds	197,464,625	-	Daily, quarterly	1-90 days
Private real estate fund	73,708,261	107,426,190	Not eligible	N/A
Total investments measured at the NAV	2,127,262,977	399,965,684		
Total investments	\$ 3,079,579,883			

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 TIPS Funds - The fund's investment objective is to track the performance of the Bloomberg U.S. Treasury Inflation-Linked Index (the "Index"). The Fund is constructed to mirror the Index to provide income and preservation of capital. The assets of the fund may be invested in securities, including those issued through private placements, exchange-traded and mutual funds, and a combination of other collective funds that together are designed to track the performance of the Index. The fund may also invest in the EB Temporary Investment Fund, an affiliate of the fund.

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, 2023, 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: This type of fund provides diversified exposure to a coreportfolio of US real estate investments across different sectors. The investment primarily focused on income with some value-add properties seeking higher returns from potential appreciation.

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 component unit 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, 2023, are summarized on the following page:

Investment Type	Valuation	Weighted Average Maturity (Days)
<u>Primary Government - Pooled Investments:</u>		
U.S. Treasury Securities and Agencies	\$ 919,836,961	3,102
Commercial Paper	308,474,270	76
Corporate Notes and Bonds	217,029,216	538
Money Market Funds	330,271,583	1
Negotiable Certificates of Deposit	820,273,179	121
Virginia Investment Pool LGIP	45,528,989	51
VIP - Virginia Investment Pool	42,713,952	70
Total	<u>\$ 2,684,128,150</u>	
Portfolio weighted average maturity		1,154
<u>Component Unit - Pooled Investments:</u>		
U.S. Treasury Securities and Agencies	\$ 280,038,366	3,102
Commercial Paper	93,912,980	76
Corporate Notes	66,073,130	538
Money Market Funds	100,549,030	1
Negotiable Certificates of Deposit	249,726,821	121
Virginia Investment Pool LGIP	13,861,004	51
VIP - Virginia Investment Pool	13,003,984	70
Total	<u>\$ 817,165,315</u>	
Portfolio weighted average maturity		1,154

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, 2023, are summarized as follows:

Investment Type	Valuation	Duration (Years)
Primary Government - Pension Trust Funds:		
U.S. Government securities		
Employees' Retirement System	\$ 489,261,650	8.8
Police Officers Retirement System	114,224,593	8.8
Uniformed Retirement System	47,806,965	10.9
Corporate and other bonds		
Employees' Retirement System	241,270,325	1.7
Police Officers Retirement System	46,253,805	0.7
Uniformed Retirement System	85,007,486	1.8
International Bonds		
Employees' Retirement System	246,140,736	10.1
Police Officers Retirement System	34,422,387	10.9
Uniformed Retirement System	185,999	4.5
Asset-backed securities		
Employees' Retirement System	115,897,948	3.4
Police Officers Retirement System	26,640,326	4.2
Uniformed Retirement System	90,711,166	4.6
Short-term investments		
Employees' Retirement System	(198,786,794)	-
Police Officers Retirement System	(14,990,585)	-
Uniformed Retirement System	155,309,331	-
Total	<u>\$ 1,479,355,338</u>	
Component Unit - Pension Trust Fund:		
Asset and mortgage backed	\$ 151,874,330	1.3
Convertible securities	267,355,914	2.3
Corporate bonds	586,765	0.0
International bonds	6,329,630	0.1
Municipal bonds	525,748	0.0
US government obligations	160,214,589	2.9
Total	<u>\$ 586,886,976</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.
- Bankers' acceptances shall be rated by at least two of the following: Moody's, with a rating of P-1; S&P, A-1; Fitch, F-1; or by Duff 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, 2023, investments held by the County pool were rated as follows:

Credit Quality Rating *									
AA		A-1		AAA-m		Aaa/AAA		Unrated	
Corporate Notes	6.6%	Commercial paper	10.4%	Money Market Funds	2.0%	Supranational	0.8%	Demand Deposit Accounts	6.6%
US Treasury and Agencies**	32.4%	Negotiable CD	27.2%	LGIP	2.9%			Collateralized CD	3.7%
				Bond Funds	7.4%				
	39.0%		37.6%		12.3%		0.8%		10.3%

* 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, 2023.

** U.S.Treasury and Agencies AA+

The primary government and component units' pension trust funds' credit quality ratings at June 30, 2023, 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	- %	- %	- %	- %	- %	- %	- %	43.9 %
Corporate and other bonds	-	0.2	0.8	1.9	4.1	3.4	1.7	13.1
Asset-backed securities	0.1	5.5	0.1	0.6	1.1	0.3	0.5	7.7
Short-term investments	-	-	-	-	-	-	-	(4.0)
International bonds	0.7	-	-	1.3	0.6	0.3	-	16.1
Component Unit								
Pension Trust Fund:								
Asset and mortgage-backed securities	15.0 %	8.7 %	2.9 %	5.1 %	0.9 %	0.2 %	1.9 %	1.1 %
Corporate bonds	-	0.8	10.5	36.8	8.7	5.1	-	0.8
Convertible securities	-	-	-	0.9	-	0.6	-	-
International bonds	-	-	-	-	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, 2023.

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, 2023, ERFC had three active fixed income managers. The active manager portfolios had values of \$168.4 million, \$184.9 million and \$248.1 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 1.74 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 market value of the security and 105 percent of the market value of the foreign security. The custodian monitors the market value of the collateral on a daily basis. Cash collateral is invested in a fund which is maintained by the custodian or its affiliate. The pension trust funds did not impose any restrictions during the period on the amounts of loans security lending agents made on their behalf, and the agents have agreed to indemnify the pension trust funds by purchasing replacement securities, or returning the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from the default of a borrower or lending agent. At year end, the pension trust funds had no custodial credit risk exposure to borrowers because the amounts the pension trust funds owed the borrower exceeded the amounts the borrowers owed the

pension trust funds. Information pertaining to the securities lending transactions as of June 30, 2023, 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	\$ 14,158,093	14,976,146	-
Corporate and other bonds	14,495,162	14,882,526	-
Common and preferred stock	95,988,010	99,215,555	-
Lent for securities collateral:			
U.S. Government securities	42,608,492	-	46,267,743
Common and preferred stock	113,385,744	-	124,574,782
Total securities lent	<u>\$ 280,635,501</u>	<u>129,074,227</u>	<u>170,842,525</u>
Component Unit - Pension Trust Fund:			
Lent for cash collateral:			
Domestic corporate bonds	\$ 38,411,452	39,413,537	-
Domestic stock	108,490,725	110,901,122	-
International bonds	4,580	4,809	-
U.S. Government securities	2,667,337	2,737,538	-
Total securities lent	<u>\$ 149,574,094</u>	<u>153,057,006</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, 2023, 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	\$ (888,209)	22,062,465	3,629,937	24,804,193
Brazil Real	12,960	2,798,975	7,329,063	10,140,998
Canadian Dollar	190,378	28,065,161	11,965,772	40,221,311
Chinese Yuan Renminbi	6,576	228,202	-	234,778
Colombian Peso	74	-	8,954,769	8,954,843
Danish Krone	576	29,628,049	-	29,628,625
Euro Currency Unit	(15,618,993)	152,349,464	94,073,925	230,804,396
Hong Kong Dollar	646	26,714,933	-	26,715,579
Indian Rupee	4,960	9,749,371	-	9,754,331
Indonesian Rupiah	6,048	1,116,457	66,597	1,189,102
Japanese Yen	880,707	114,060,543	20,175,506	135,116,756
Mexican Peso	1	2,796,801	16,134,106	18,930,908
New Taiwan Dollar	-	5,675,832	-	5,675,832
New Zealand Dollar	14,559	389,980	2,248,305	2,652,844
Norwegian Krone	-	4,626,171	-	4,626,171
Philippine Peso	7,317	-	-	7,317
Pound Sterling	(16,742,019)	95,048,235	104,409,079	182,715,295
Russian Ruble	-	-	186,034	186,034
Singapore Dollar	42,998	10,445,523	395,958	10,884,479
South African Rand	124	652,061	3,843,920	4,496,105
South Korean Won	16,611	5,333,186	240,612	5,590,409
Swedish Krona	14,778	19,843,740	5,091,328	24,949,846
Swiss Franc	3,845	38,141,383	-	38,145,228
Thailand Baht	2	2,613,184	-	2,613,186
Turkish Lira	-	118,582	-	118,582
Total fair value	<u>\$ (32,046,061)</u>	<u>572,458,298</u>	<u>278,744,911</u>	<u>819,157,148</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	\$ 2,105	1,277,510	-	1,279,615
Brazil Real	40,916	-	-	40,916
Canadian Dollar	47,027	1,582,992	-	1,630,019
Chilean Peso	12,922	-	-	12,922
Danish Krone	177,135	2,437,728	-	2,614,863
Euro Currency Unit	400,021	18,878,180	32,021,949	51,300,150
Hong Kong Dollar	43,387	3,463,813	-	3,507,200
Indonesian Rupiah	12,504	1,462	-	13,966
Israeli Shekel	11,041	4	-	11,045
Japanese Yen	153,570	2,723,329	-	2,876,899
Malaysian Ringgit	9,131	-	-	9,131
New Taiwan Dollar	22,503	2,441,266	-	2,463,769
Norwegian Krone	1,672	-	-	1,672
Philippines Peso	1,344	-	-	1,344
Polish Zloty	1,409	-	-	1,409
Pound Sterling	49,690	5,647,524	-	5,697,214
South African Rand	1,681	-	586,765	588,446
South Korean Won	372	266	-	638
Swedish Krona	15,380	3,969,144	-	3,984,524
Swiss Franc	502,307	4,897,470	-	5,399,777
Thailand Baht	1,833	-	-	1,833
Total fair value	\$ 1,507,950	47,320,688	32,608,714	81,437,352

*Includes preferred securities investments in fixed income balance.

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 enter into derivative transactions to gain exposure to currencies and markets where derivatives are the most cost-effective instrument. During fiscal year 2023, 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, 2023, 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	(345,563,378)	(345,597,546)
Equity Futures:		
Long	723,254,426	702,264,099
Short	(89,022,150)	(88,211,432)
Fixed Income Futures:		
Long	878,179,734	883,736,234
Short	(102,624,355)	(103,066,886)
Commodity Futures:		
Long	340,425,642	344,763,520
Short	-	-
Total	<u>\$ 1,404,649,919</u>	<u>1,393,887,989</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, 2023, is summarized as follows:

Swap Types	Base Exposure	Fair Value
Primary Government - Pension Trust Funds:		
Fixed Income Swaps:		
Cleared Interest Rate Swaps	\$ (709,373)	(726,191)
Cleared Credit Default Swaps	1,092,773	1,171,240
Cleared Inflation Swaps	32,057	32,057
Total	<u>\$ 415,457</u>	<u>477,106</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, 2023, are presented below.

	Cost	Fair Value	Unrealized Gain
Primary Government - Pension Trust Funds:			
Equity Options:			
Purchased Call	\$ 367,485	348,861	(18,624)
Written Put	(758,760)	(692,643)	66,117
Fixed Income Options:			
Purchased Put	43,114	26,226	(16,888)
Written Put	(86,792)	(55,366)	31,426
Total	<u>\$ (434,953)</u>	<u>(372,922)</u>	<u>62,031</u>

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 market 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 loss on foreign currency spot and forward contracts at June 30, 2023, was \$5,509,778, 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:				
Chinese Yuan Renminbi				
Australian Dollar	(13,470,856)	(8,926,441)	\$ (8,971,062)	(44,621)
Brazil Real	(13,830,000)	(2,773,099)	(2,858,994)	(85,895)
Canadian Dollar	(28,893,374)	(21,523,513)	(21,840,908)	(317,395)
Columbian Peso	(11,070,000,000)	(2,395,948)	(2,629,645)	(233,697)
Euro Currency Unit	(162,070,876)	(175,950,122)	(176,972,902)	(1,022,780)
Japanese Yen	(5,526,430,066)	(39,160,710)	(38,332,198)	828,512
Mexican Peso	(203,800,000)	(11,068,267)	(11,824,524)	(756,257)
New Zealand Dollar	(6,614,118)	(4,025,720)	(4,051,888)	(26,168)
Polish Zloty	(22,080,000)	(5,243,266)	(5,429,849)	(186,583)
Pound Sterling	(135,427,635)	(169,892,440)	(172,195,818)	(2,303,378)
South African Rand	(71,900,000)	(3,806,025)	(3,789,613)	16,412
Swedish Krona	(103,441,190)	(9,614,018)	(9,583,103)	30,915
Swiss Franc	(5,940,000)	(6,662,928)	(6,687,362)	(24,434)
Total Foreign Currency Contracts Purchased			\$ (465,167,866)	(4,125,369)
Foreign Currency Contracts Sold				
Primary Government - Pension Trust Funds:				
Australian Dollar	19,425,536	12,867,302	\$ 12,945,139	77,837
Canadian Dollar	19,733,974	14,769,247	14,916,344	147,097
Euro Currency Unit	100,814,938	110,494,290	110,041,730	(452,560)
Indian Rupee	274,000,000	3,326,333	3,331,505	5,172
Japanese Yen	7,475,472,537	53,498,038	52,126,054	(1,371,984)
New Zealand Dollar	6,025,059	3,700,467	3,690,736	(9,731)
Norwegian Krone	112,900,000	10,762,329	10,568,841	(193,488)
Polish Zloty	22,080,000	5,277,360	5,429,849	152,489
Pound Sterling	69,187,635	87,594,873	87,963,383	368,510
South African Rand	41,400,000	2,133,724	2,182,058	48,334
South Korean Won	9,480,000,000	7,307,485	7,222,964	(84,521)
Swedish Krona	48,137,819	4,458,627	4,456,857	(1,770)
Thailand Baht	44,300,000	1,324,167	1,254,373	(69,794)
Total Foreign Currency Contracts Sold			\$ 316,129,833	(1,384,409)

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 market 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 2023, 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 assets 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 assets 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. Effective January 1, 2023, Fairfax County will automatically file personal property tax returns for motor vehicles, trailers, and semi-trailers on behalf of Fairfax County residents that have properly registered with the Department of Motor Vehicles (DMV) within 30 days, eliminating the ten percent penalty for late filing for those properties. All other late filings will continue to be subject to the ten percent late filing penalty. 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, 2023, after allowances for uncollectible amounts, is \$34,410,724, of which \$4,520,134 has been included in tax revenue for fiscal year 2023 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 2023 as receivables (net of payments totaling \$35,749,634 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, 2023; however, these resources, which amount to \$4,159,343,598, will not be available to the County until fiscal year 2024.

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 revenues in the General Fund.

D. Receivables

Receivables and allowances for uncollectible receivables of the primary government, excluding fiduciary funds, at June 30, 2023, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	\$ 15,209,703	23,732,667	703,111	6,514	39,651,995
Accrued interest	-	14,973,144	-	-	14,973,144
Property taxes:					
Delinquent	62,290,618	-	-	-	62,290,618
Not yet due	3,926,026,936	-	-	-	3,926,026,936
Business license taxes - delinquent	26,312,441	-	-	-	26,312,441
Leases	-	760,252	-	-	760,252
Loans	-	151,030,868	-	-	151,030,868
Notes	-	34,565,000	-	-	34,565,000
Total receivables	4,029,839,698	225,061,931	703,111	6,514	4,255,611,254
Allowances for uncollectibles:					
Accounts receivable	(3,974,904)	-	-	-	(3,974,904)
Accrued interest	-	(6,825,661)	-	-	(6,825,661)
Property taxes:					
Delinquent	(27,879,894)	-	-	-	(27,879,894)
Not yet due	(13,746,917)	-	-	-	(13,746,917)
Business license taxes - delinquent	(24,287,715)	-	-	-	(24,287,715)
Loans	-	(54,744,904)	-	-	(54,744,904)
Total allowances for uncollectibles	(69,889,430)	(61,570,565)	-	-	(131,459,995)
Total net receivables	\$ 3,959,950,268	163,491,366	703,111	6,514	4,124,151,259

BASIC FINANCIAL STATEMENTS

Receivables of the component units, excluding fiduciary funds, at June 30, 2023, consist of the following:

	Public Schools	FCRHA	Park Authority	EDA	Total Component Units
Receivables:					
Accounts	\$ 14,875,659	5,192,007	697,089	-	20,764,755
Accrued interest	220,917	139,498	128,490	-	488,905
Notes, mortgages, and other	-	27,993,397	-	-	27,993,397
Lease	1,811,518	20,330,198	-	-	22,141,716
Total receivables	16,908,094	53,655,100	825,579	-	71,388,773
Allowances for uncollectible	-	(1,256,872)	-	-	(1,256,872)
Total net receivables	\$ 16,908,094	52,398,228	825,579	-	70,131,901

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2023, are as follows:

Year of Levy	Real Estate	Personal Property	Total
2022	\$ 9,636,548	18,347,383	27,983,931
2021	2,503,511	6,869,433	9,372,944
2020	1,104,898	5,287,000	6,391,898
Prior years	\$1,396,114	6,132,962	7,529,076
Total delinquent taxes	\$ 14,641,071	36,636,778	51,277,849
Penalty and interest			11,012,769
Total delinquent taxes, penalty and interest			62,290,618
Allowances for uncollectibles			(27,879,894)
Net delinquent tax receivables			\$ 34,410,724

Amounts due to the primary government and component units from other governmental units at June 30, 2023, 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	\$ 281,777	18,871,483	154,719	-	19,307,979	101,580,737	-
State government:							
Property tax relief - not yet due	211,313,944	-	-	-	211,313,944	-	-
Other	56,179,772	61,230,031	1,725,360	-	119,135,163	24,131,265	-
Local governments	1,697,334	57,003,664	62,688,955	63,945	121,453,898	3,521,937	-
Total intergovernmental units	\$ 269,472,827	137,105,179	64,569,034	63,945	471,210,985	129,233,939	-
Federal-Build America Bond subsidy					386,328		
Total (Exhibit A)					\$ 471,597,313		

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, 2023 is as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
General Fund	\$ 9,393,323	1,186,647
Nonmajor Governmental Funds	-	9,393,323
Internal Service Funds	1,186,647	-
Total primary government	\$ 10,579,970	10,579,970
Component Unit		
Public Schools:		
General Fund	\$ 300,000	-
Nonmajor Governmental Funds	-	300,000
Total component units	\$ 300,000	300,000

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, 2023, are as follows:

Receivable Entity	Payable Entity	Amount
Component Units	Primary Government	
Public Schools	General Fund	\$ 169,569
Park Authority	General Fund	5,738,747
Park Authority	Nonmajor Governmental Fund	1,413,091
EDA	General Fund	417,580
Total		\$ 7,738,987
Primary Government	Component Unit	
General Fund	Park Authority	\$ 197,376
Total		\$ 197,376

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, 2023, are as follows:

	Transfers In	Transfers Out
Primary Government		
General Fund	\$ 15,892,936	859,452,246
Nonmajor Governmental Funds	887,621,102	69,134,535
Internal Service Funds	25,072,743	-
Total primary government	\$ 928,586,781	928,586,781
Component Unit		
Public Schools:		
General Fund	\$ -	50,131,397
Capital Projects Fund	26,085,422	-
Nonmajor Governmental Funds	24,045,975	-
Total component units	\$ 50,131,397	50,131,397

F. CAPITAL ASSETS

Capital assets activity for the primary government and component units for the year ended June 30, 2023, is as follows:

	Balances July 1, 2022	Increases	Decreases	Balances June 30, 2023
Primary Government				
Governmental activities:				
Non-depreciable/non-amortizable:				
Land and easements	\$ 478,487,645	3,111,382	(1,593,852)	480,005,175
Construction in progress	427,992,794	172,555,669	(109,289,199)	491,259,264
Equipment under construction	38,485,294	18,716,643	(1,703,243)	55,498,694
Software in development	24,230,750	23,852,919	(11,005,399)	37,078,270
Total non-depreciable/non-amortizable	969,196,483	218,236,613	(123,591,693)	1,063,841,403
Depreciable/amortizable:				
Vehicles and equipment	553,186,757	72,148,764	(5,512,656)	619,822,865
Software	199,166,686	16,404,970	-	215,571,656
Library collections	122,178,141	4,359,277	-	126,537,418
Buildings	1,766,257,610	55,006,952	(3,680,237)	1,817,584,325
Improvements	310,305,172	37,523,944	(282,845)	347,546,271
Infrastructure	1,250,362,847	54,431,276	-	1,304,794,123
Right-to-use lease assets	127,186,254	26,263,642	(4,024,847)	149,425,049
Right-to-use subscription assets*	58,729,296	8,406,461	-	67,135,757
Total depreciable/amortizable	4,387,372,763	274,545,286	(13,500,585)	4,648,417,464
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(395,080,211)	(33,027,407)	5,484,452	(422,623,166)
Software	(89,378,918)	(15,522,707)	-	(104,901,625)
Library collections	(110,786,439)	(3,856,515)	-	(114,642,954)
Buildings	(752,781,303)	(54,862,664)	1,853,966	(805,790,001)
Improvements	(139,476,163)	(13,490,104)	168,301	(152,797,966)
Infrastructure	(449,171,145)	(35,805,471)	-	(484,976,616)
Right-to-use lease assets	(19,846,801)	(21,057,666)	4,024,847	(36,879,620)
Right-to-use subscription assets	-	(20,285,384)	-	(20,285,384)
Total accumulated depreciation/amortization	(1,956,520,980)	(197,907,918)	11,531,566	(2,142,897,332)
Total capital assets, being depreciated/amortized, net	2,430,851,783	76,637,368	(1,969,019)	2,505,520,132
Total capital assets, net - Governmental activities	3,400,048,266	294,873,981	(125,560,712)	3,569,361,535
Business-type activities:				
Non-depreciable/non-amortizable:				
Land and easements	25,176,910	287,994	-	25,464,904
Construction in progress	180,601,998	77,157,903	(59,991,512)	197,768,389
Total non-depreciable/non-amortizable	205,778,908	77,445,897	(59,991,512)	223,233,293
Depreciable/amortizable:				
Vehicles and equipment	16,948,926	2,251,083	-	19,200,009
Purchased capacity	1,172,904,039	36,624,489	-	1,209,528,528
Buildings and improvements	92,099,752	4,850,336	-	96,950,088
Infrastructure	1,667,343,110	82,260,438	-	1,749,603,548
Total depreciable/amortizable	2,949,295,827	125,986,346	-	3,075,282,173
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(13,040,616)	(1,240,640)	-	(14,281,256)
Purchased capacity	(522,306,115)	(30,537,198)	-	(552,843,313)
Buildings and improvements	(58,713,833)	(2,158,526)	-	(60,872,359)
Infrastructure	(757,994,834)	(35,892,412)	-	(793,887,246)
Total accumulated depreciation/amortization	(1,352,055,398)	(69,828,776)	-	(1,421,884,174)
Total capital assets, being depreciated/amortized, net	1,597,240,429	56,157,570	-	1,653,397,999
Total capital assets, net - Business-type activities	1,803,019,337	133,603,467	(59,991,512)	1,876,631,292
Total capital assets, net - Primary government	\$ 5,203,067,603	428,477,448	(185,552,224)	5,445,992,827

* Fiscal year 2022 beginning balance restated due to the implementation of GASB Statement 96.

	Balances July 1, 2022	Increases	Decreases	Balances June 30, 2023
Component Units				
Public Schools				
Non-depreciable/non-amortizable:				
Land	\$ 46,837,095	-	-	46,837,095
Construction in progress	343,497,904	218,472,002	(282,742,010)	279,227,896
Software in development	-	244,348	(244,348)	-
Total non-depreciable/non-amortizable	390,334,999	218,716,350	(282,986,358)	326,064,991
Depreciable/amortizable:				
Vehicles and equipment	332,629,685	41,701,076	(8,465,416)	365,865,345
Software	14,037,906	-	-	14,037,906
Library collections	18,706,970	2,029,475	(1,820,918)	18,915,527
Buildings	1,318,146,103	21	(1,912,961)	1,316,233,163
Improvements	3,211,978,532	273,920,223	-	3,485,898,755
Right-to-use lease assets	56,536,496	20,256,087	(3,221,819)	73,570,764
Right-to-use subscription assets	-	91,171,654	(9,382,767)	81,788,887
Total depreciable/amortizable	4,952,035,692	429,078,536	(24,803,881)	5,356,310,347
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(239,419,466)	(36,491,516)	7,741,532	(268,169,450)
Software	(9,827,609)	(776,032)	-	(10,603,641)
Library collections	(11,583,697)	(2,256,644)	1,820,918	(12,019,423)
Buildings	(727,429,777)	(24,183,284)	-	(751,613,061)
Improvements	(1,593,126,749)	(122,073,814)	-	(1,715,200,563)
Right-to-use lease assets	(9,828,146)	(12,613,277)	3,193,651	(19,247,772)
Right-to-use subscription assets	-	(12,687,591)	-	(12,687,591)
Total accumulated depreciation/amortization	(2,591,215,444)	(211,082,158)	12,756,101	(2,789,541,501)
Total capital assets, being depreciated/amortized, net	2,360,820,248	217,996,378	(12,047,780)	2,566,768,846
Total capital assets, net - Public Schools	2,751,155,247	436,712,728	(295,034,138)	2,892,833,837
FCRHA				
Non-depreciable/non-amortizable:				
Land, as restated	43,138,347	40,920,350	-	84,058,697
Construction in progress	4,528,611	5,590,812	(1,400,000)	8,719,423
Total non-depreciable/non-amortizable	47,666,958	46,511,162	(1,400,000)	92,778,120
Depreciable/amortizable:				
Vehicles and equipment	7,433,190	532,471	-	7,965,661
Buildings and improvements	240,778,097	2,692,850	-	243,470,947
Right-to-use lease assets	254,904	859,886	-	1,114,790
Right-to-use subscription assets	-	751,703	-	751,703
Total depreciable/amortizable	248,466,191	4,836,910	-	253,303,101
Less accumulated depreciation/amortization for:				
Vehicles and equipment**	(2,180,671)	(701,831)	-	(2,882,502)
Buildings and improvements**	(152,322,235)	(5,604,321)	-	(157,926,556)
Right-to-use lease assets	(10,128)	(15,281)	-	(25,409)
Right-to-use subscription assets	-	(187,926)	-	(187,926)
Total accumulated depreciation/amortization	(154,513,034)	(6,509,359)	-	(161,022,393)
Total capital assets, being depreciated/amortized, net	93,953,157	(1,672,449)	-	92,280,708
Total capital assets, net - FCRHA	141,620,115	44,838,713	(1,400,000)	185,058,828
Park Authority				
Non-depreciable/non-amortizable:				
Land and easements	401,339,190	1,284,167	(369,537)	402,253,820
Construction in progress	30,441,497	19,289,899	(21,463,802)	28,267,594
Total non-depreciable/non-amortizable	431,780,687	20,574,066	(21,833,339)	430,521,414
Depreciable/amortizable:				
Vehicles and equipment	14,646,944	1,385,233	(1,467,686)	14,564,491
Buildings and improvements	555,524,014	45,237,767	-	600,761,781
Right-to-use lease assets	2,569,418	62,344	-	2,631,762
Right-to-use subscription assets	822,324	1,153,997	-	1,976,321
Total depreciable/amortizable	573,562,700	47,839,341	(1,467,686)	619,934,355
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(8,881,749)	(583,366)	1,409,822	(8,055,293)
Buildings and improvements	(304,281,881)	(20,465,272)	-	(324,747,153)
Right-to-use lease assets	(172,341)	(370,073)	-	(542,414)
Right-to-use subscription assets*	(822,324)	(486,371)	-	(1,308,695)
Total accumulated depreciation/amortization	(314,158,295)	(21,905,082)	1,409,822	(334,653,555)
Total capital assets, being depreciated/amortized, net	259,404,405	25,934,259	(57,864)	285,280,800
Total capital assets, net - Park Authority	691,185,092	46,508,325	(21,891,203)	715,802,214
EDA				
Depreciable/amortizable:				
Vehicles and equipment	19,289	-	-	19,289
Buildings and improvements	1,176,811	-	-	1,176,811
Right-to-use lease assets	2,443,901	-	(5,844)	2,438,057
Right-to-use subscription assets*	41,151	-	-	41,151
Total depreciable/amortizable	3,681,152	-	(5,844)	3,675,308
Less accumulated depreciation/amortization for:				
Vehicles and equipment	(19,289)	-	-	(19,289)
Buildings and improvements	(1,140,422)	(36,389)	-	(1,176,811)
Right-to-use lease assets	(754,611)	(721,451)	3,773	(1,472,289)
Right-to-use subscription assets	-	(28,102)	-	(28,102)
Total accumulated depreciation/amortization	(1,914,322)	(785,942)	3,773	(2,696,491)
Total capital assets, net - EDA	1,766,830	(785,942)	(2,071)	978,817
Total capital assets, net - Component units	\$ 3,585,727,284	527,273,824	(318,327,412)	3,794,673,696

* Fiscal year 2023 beginning balance restated due the implementation of GASB statement 96.

** Beginning balance updated due to change in reporting entity.

Depreciation and amortization expense for the year ended June 30, 2023, 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	\$ 26,006,823	-	-
Judicial administration	3,854,845	-	-
Public safety	12,284,208	-	-
Public works	84,098,048	69,828,776	-
Health and welfare	7,312,857	-	-
Community development	21,646,517	-	-
Parks, recreation, and cultural	7,928,388	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	34,776,232	-	-
Component Units			
Public Schools	-	-	211,082,158
FCRHA	-	-	6,509,359
Park Authority	-	-	21,905,082
EDA	-	-	785,942
Total depreciation and amortization expense	\$ 197,907,918	69,828,776	240,282,541

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, 68.8 percent, FCPS 26.3 percent, EDA 0.4 percent, FCRHA 1.4 percent, and FCPA 3.1 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. <https://www.fairfaxcounty.gov/retirement/financial-publications>

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

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

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. <https://www.fcps.edu/ERFC-Financials>

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 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, 2023, was 28.88 percent of annual covered payroll. The employer contribution made during the measurement period of the liability was \$229,114,059. The 2023 employer contribution totaled \$266,535,889.

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, 2023.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2023 was 46.04 percent of annual covered payroll. The employer contribution made for the measurement period of the liability was \$52,066,100. The 2023 employer contribution totaled \$57,592,394.

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, 2023 was 39.31 percent of annual covered payroll. The employer contribution made for the measurement period of the liability was \$65,793,238. The 2023 employer contribution totaled \$74,989,155.

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 6.70 percent for fiscal year 2023.

Employer contributions to the pension plan were \$117,155,967 and \$111,119,456 for the years ended June 30, 2023 and June 30, 2022, 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, 2019 valuation recommended that the contribution rate for the two-year period beginning July 1, 2022 to June 30, 2023 be increased from 6.44 percent to 6.70 percent

4. Actuarial Methods and Assumptions

The reported total pension liability (TPL) was based on participant data collected as of December 31, 2020 and an actuarial valuation as of June 30, 2022, using the entry age actuarial cost method, with a measurement date of June 30, 2022. Significant actuarial assumptions used in the valuation for ERS, PORS, and URS include:

Actuarial Assumptions

Discount rate, net of plan investment expenses	6.75%
Inflation	2.25%
Salary increases, including inflation	2.25% + merit
Investment rate of return, net of plan investment expenses	6.75%
Mortality	Healthy and Disabled Mortality Table PubG-2010 & PubS-2010 projected using the MP-2020 model

ERFC assumptions deviate from the chart for salary increases, using a range of 2.75 percent - 7.25 percent. Mortality rates were based on PUB-2010 mortality healthy annuitant total data set table with fully generation two-dimensional sex distinct MP-2020 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 2022.

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, 2022 valuation were based on the results of an actuarial experience study performed from July 1, 2015 to June 30, 2020.

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 Leverage Cost	1.9% / -35%	1.9% / -41%	1.9% / -13%
Non-US Leverage Cost	1.1% / -26%	1.1% / -20%	1.1% / -3%
US Large-Cap Equity	7.7% / 11%	7.7% / 11%	7.7% / 16%
US Small/Mid-Cap Equity	8.7% / 3%	8.7% / 2%	8.7% / 4%
Non-US Developed Equity	- / -	- / -	8.4% / 6%
Non-US Developed Equity (USD Hedge)	8.3% / 6%	8.3% / 6%	8.3% / 5%
Non-US Developed Small-Cap Equity	9.3% / 3%	9.3% / 3%	9.3% / 3%
Emerging Market Equity	12.5% / 3%	12.5% / 3%	12.5% / 8%
Global Equity	8.6% / 5%	8.6% / 7%	- / -
Private Equity - Buyout	- / -	- / -	10.2% / 4%
Private Equity - Growth	14.6% / 1%	14.6% / 1%	14.6% / 1%
Private Equity - Venture	20.8% / 1%	20.8% / 2%	20.8% / 2%
Non-US Private Equity	- / -	- / -	15.8% / 1%
Private Equity	13.2% / 2%	13.2% / 3%	13.2% / 1%
US TIPS	2.3% / 16%	2.3% / 13%	2.3% / 2%
US Treasury Bond	2.1% / -3%	2.1% / -1%	- / -
US Mortgage-Backed Securities	2.5% / 2%	2.5% / 2%	2.5% / 2%
US Aggregate Bond	- / -	- / -	2.9% / 5%
US High Yield Corporate Bond	5.7% / 4%	5.7% / 3%	5.7% / 5%
Emerging Market External Debt	5.3% / 4%	5.3% / 3%	5.3% / 2%
Emerging Market Local Currency Debt	6.0% / 2%	6.0% / 2%	6.0% / 2%
Non-US Government Bond	2.2% / 2%	- / -	- / -
Non-US Government Bond (USD Hedge)	2.0% / 2%	- / -	- / -
Non-US Inflation-Linked Bond (USD Hedge)	1.3% / 12%	1.3% / 10%	1.3% / 2%
Private Debt - Credit Opportunities	8.0% / 6%	8.0% / 8%	8.0% / 1%
Private Debt - Distressed	8.8% / 4%	8.8% / 6%	8.8% / 3%
Private Debt - Direct Lending	8.1% / 1%	- / -	8.1% / 3%
US Long-Term Treasury Bond (10-30 Year)	2.6% / 5%	2.6% / 6%	- / -
20+ Year US Treasury STRIPS	3.9% / 3%	3.9% / 3%	- / -
US High Yield Securitized Bond	5.1% / 2%	5.1% / 1%	- / -
US High Yield Collateralized Loan Obligation	6.3% / 4%	6.3% / 3%	- / -
10 Year US Treasury Bond	2.6% / 8%	2.6% / 10%	2.6% / 3%
10 Year Non-US Government Bond (USD Hedge)	1.2% / 18%	1.2% / 12%	1.2% / 2%
Commodity Futures	5.0% / 7%	5.0% / 7%	5.0% / 2%
Public Real Assets (Multi-Asset)	6.0% / 2%	6.0% / 4%	- / -
Midstream Energy	- / -	- / -	11.0% / 1%
US REIT	9.0% / 5%	9.0% / 3%	9.0% / 3%
Global Natural Resources Equity	- / -	- / -	9.6% / 2%
Gold	5.1% / 3%	5.1% / 3%	- / -
Core Real Estate	6.7% / 1%	6.7% / 2%	6.7% / 2%
Non-Core Real Estate	- / -	- / -	9.2% / 3%
Private Real Assets - Natural Resources	- / -	- / -	13.6% / 2%
Private Real Assets - Infrastructure	7.4% / 4%	7.4% / 1%	7.4% / 1%
Hedge Fund - Macro	5.1% / 8%	5.1% / 10%	5.1% / 2%
Hedge Fund - Credit	5.8% / 4%	5.8% / 2%	5.8% / 2%
Hedge Fund - Equity	- / -	- / -	5.7% / 3%
Hedge Fund	5.6% / 3%	5.6% / 6%	5.6% / 5%
Cash	1.9% / 5%	1.9% / 5%	1.9% / 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	6.2%	14.0%
Domestic Small Cap Equity	7.2%	10.0%
International Large Cap Equity	6.8%	5.0%
International Small Cap Equity	8.2%	5.0%
Emerging International Equity	8.5%	5.0%
Global Equity	6.4%	5.0%
Emerging Market Debt	2.8%	2.0%
US Fixed Income	0.4%	21.0%
Multi-Asset Class Strategies	3.6%	4.0%
Hedge Funds Opportunistic	4.9%	5.0%
Infrastructure	6.5%	4.0%
Real Estate (Core)	4.4%	9.0%
Private Equity	10.8%	7.0%
Private Debt	6.1%	4.0%

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 at June 30, 2023, are as follows:

	ERS	PORS
Total pension liability	\$ 6,736,635,842	\$ 2,185,608,626
Pension plan's fiduciary net position	<u>(4,857,119,591)</u>	<u>(1,786,738,122)</u>
Net pension liability	<u>\$ 1,879,516,251</u>	<u>\$ 398,870,504</u>
Plan fiduciary net position as a percentage of the total pension liability	72.1%	81.8%
	URS	ERFC
Total pension liability	\$ 2,663,244,986	\$ 3,999,987,949
Pension plan's fiduciary net position	<u>(1,924,536,685)</u>	<u>(2,997,909,880)</u>
Net pension liability	<u>\$ 738,708,301</u>	<u>\$ 1,002,078,069</u>
Plan fiduciary net position as a percentage of the total pension liability	72.3%	74.9%

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 6/30/2022	<u>\$ 14,486,944</u>	<u>12,391,599</u>	<u>2,095,345</u>
Changes for year:			
Service cost	291,872	-	291,872
Interest	989,624	-	989,624
Differences between expected and actual experience	477,705	-	477,705
Changes of assumptions	133,042	-	133,042
Benefit payments, including refunds of member contributions	(793,710)	(793,710)	-
Contributions - employer	-	458,092	(458,092)
Contributions - member	-	112,599	(112,599)
Net investment income	-	(593,984)	593,984
Administrative expense	-	(8,287)	8,287
Net changes	<u>1,098,533</u>	<u>(825,290)</u>	<u>1,923,823</u>
Balances 6/30/2023	<u><u>\$ 15,585,477</u></u>	<u><u>11,566,309</u></u>	<u><u>4,019,168</u></u>

Presented below are the those items as they relate to the individual plans:

	Dollar amounts in (000)				
	ERS	PORS	URS	ERFC	Total
Total Pension Liability					
Service cost	\$ 119,242	35,635	44,932	92,063	291,872
Interest	422,967	134,451	163,743	268,463	989,624
Differences between expected and actual experience	236,424	109,416	136,998	(5,133)	477,705
Changes of assumptions	-	-	-	133,042	133,042
Benefit payments, including refunds of member contributions	(371,807)	(98,631)	(124,617)	(198,655)	(793,710)
Net change in total pension liability	<u>406,826</u>	<u>180,871</u>	<u>221,056</u>	<u>289,780</u>	<u>1,098,533</u>
Total pension liability - 6/30/2022	<u>6,329,809</u>	<u>2,004,738</u>	<u>2,442,189</u>	<u>3,710,208</u>	<u>14,486,944</u>
Total pension liability - 6/30/2023	<u><u>\$ 6,736,635</u></u>	<u><u>2,185,609</u></u>	<u><u>2,663,245</u></u>	<u><u>3,999,988</u></u>	<u><u>15,585,477</u></u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 229,114	52,066	65,793	111,119	458,092
Contributions - member	40,269	10,242	12,071	50,017	112,599
Net investment income	(184,212)	15,536	(193,071)	(232,237)	(593,984)
Benefit payments, including refunds of member contributions	(371,807)	(98,631)	(124,617)	(198,655)	(793,710)
Administrative expense	(2,477)	(664)	(665)	(4,481)	(8,287)
Net change in plan fiduciary net position	<u>(289,113)</u>	<u>(21,451)</u>	<u>(240,489)</u>	<u>(274,237)</u>	<u>(825,290)</u>
Plan fiduciary net position - 6/30/2022	<u>5,146,232</u>	<u>1,808,189</u>	<u>2,165,026</u>	<u>3,272,152</u>	<u>12,391,599</u>
Plan fiduciary net position - 6/30/2023	<u><u>\$ 4,857,119</u></u>	<u><u>1,786,738</u></u>	<u><u>1,924,537</u></u>	<u><u>2,997,915</u></u>	<u><u>11,566,309</u></u>
Net pension liability - 6/30/2023	<u><u>\$ 1,879,516</u></u>	<u><u>398,871</u></u>	<u><u>738,708</u></u>	<u><u>1,002,073</u></u>	<u><u>4,019,168</u></u>

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 below 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 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Total pension liability	\$ 7,548,571,290	\$ 6,736,635,842	\$ 6,057,022,312
Plan fiduciary net position	(4,857,119,591)	(4,857,119,591)	(4,857,119,591)
Net pension liability	<u>\$ 2,691,451,699</u>	<u>\$ 1,879,516,251</u>	<u>\$ 1,199,902,721</u>
Plan fiduciary net position as a percentage of the total pension liability	64.3%	72.1%	80.2%

Sensitivity of Net Pension Liability to Changes in Discount Rate - PORS

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Total pension liability	\$ 2,491,553,726	\$ 2,185,608,626	\$ 1,936,045,804
Plan fiduciary net position	(1,786,738,122)	(1,786,738,122)	(1,786,738,122)
Net pension liability	<u>\$ 704,815,604</u>	<u>\$ 398,870,504</u>	<u>\$ 149,307,682</u>
Plan fiduciary net position as a percentage of the total pension liability	71.7%	81.8%	92.3%

Sensitivity of Net Pension Liability to Changes in Discount Rate - URS

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Total pension liability	\$ 3,014,933,191	\$ 2,663,244,986	\$ 2,372,877,464
Plan fiduciary net position	(1,924,536,685)	(1,924,536,685)	(1,924,536,685)
Net pension liability	<u>\$ 1,090,396,506</u>	<u>\$ 738,708,301</u>	<u>\$ 448,340,779</u>
Plan fiduciary net position as a percentage of the total pension liability	63.8%	72.3%	81.1%

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	\$ 4,517,550,056	\$ 3,999,987,949	\$ 3,498,738,306
Plan fiduciary net position	(2,997,909,880)	(2,997,909,880)	(2,997,909,880)
Net pension liability	<u>\$ 1,519,640,176</u>	<u>\$ 1,002,078,069</u>	<u>\$ 500,828,426</u>
Plan fiduciary net position as a percentage of the total pension liability	66.4%	74.9%	85.7%

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	10,641	1,317	1,583	13,747
Terminated employees entitled to, but not yet receiving, benefits	2,475	88	124	6,067
DROP participants	734	73	136	N/A
Active plan members	13,943	1,299	1,868	22,916
Total number of plan members	27,793	2,777	3,711	42,730

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 below:

	ERS		PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 195,010,208	28,353,650	\$ 104,996,408	5,545,472
Changes of assumptions	140,231,825	-	37,275,672	-
Net difference between projected and actual earnings on pension plan investments	24,139,234	-	-	42,317,568
Contributions subsequent to the measurement date	266,535,889	-	57,592,394	-
Total	\$ 625,917,156	28,353,650	\$ 199,864,474	47,863,040
Pension Expense Recognized 2023	\$ 249,109,572		\$ 62,492,742	
Net Pension Liability June 30, 2023	\$ 1,879,516,251		\$ 398,870,504	
	URS		ERFC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,029,281	10,343,989	\$ 35,875,681	11,264,782
Changes of assumptions	40,494,573	-	112,564,567	11,522,245
Net difference between projected and actual earnings on pension plan investments	152,512,496	-	94,632,782	-
Contributions subsequent to the measurement date	74,989,155	-	117,155,967	-
Total	\$ 383,025,505	10,343,989	\$ 360,228,997	22,787,027
Pension Expense Recognized 2023	\$ 121,091,914		\$ 125,343,998	
Net Pension Liability June 30, 2023	\$ 738,708,301		\$ 1,002,078,069	

Deferred outflows associated with contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in 2024. The remaining deferred outflows and inflows will impact pension expense in subsequent years as presented on the next page:

Year ended June 30:
Measurement Date June 30 of prior year

	ERS	PORS	URS	ERFC
2024	\$ 80,380,194	23,052,968	75,851,014	45,100,631
2025	66,664,944	16,498,299	65,270,007	28,466,571
2026	31,077,660	(15,390,264)	34,909,563	11,923,199
2027	152,904,819	52,012,113	98,828,711	116,113,424
2028	-	18,235,924	22,833,066	18,682,178
Total	\$ 331,027,617	94,409,040	297,692,361	220,286,003

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	\$ 6,736,636	4,633,695	1,774,967	28,332	91,093	208,549
Pension plan's fiduciary net position	(4,857,120)	(3,340,898)	(1,279,753)	(20,427)	(65,678)	(150,364)
Net pension liability	\$ 1,879,516	1,292,797	495,214	7,905	25,415	58,185
Deferred outflows:						
Contributions after measurement date	\$ 266,536	187,663	65,283	1,121	3,756	8,713
Investment return	24,139	16,604	6,360	102	326	747
Changes in proportion	31,303	15,663	14,637	476	527	-
Experience	195,010	134,135	51,381	820	2,637	6,037
Changes of assumptions	140,232	96,457	36,948	590	1,896	4,341
Total deferred outflows (ERS)	\$ 657,220	450,522	174,609	3,109	9,142	19,838
Deferred inflows:						
Experience	\$ 28,354	19,503	7,471	119	383	878
Changes in proportion	31,303	11,145	13,436	399	3,922	2,401
Total deferred inflows (ERS)	\$ 59,657	30,648	20,907	518	4,305	3,279
Pension expense	\$ 249,110	176,121	63,158	905	2,438	6,488

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 5 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 5 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 5 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 5 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, 2023 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, 2023. Employer contributions to the pension plan were \$290,478,121 and \$275,534,721 for the years ended June 30, 2023 and June 30, 2022, respectively.

Actuarial Methods and Assumptions

The total pension liability for VRS was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions used are presented on the next page:

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	6.75%

Mortality Rates

Pre-Retirement	Post-Retirement	Post-Disablement
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

At June 30, 2023, FCPS reported a liability of \$1,694,051,531 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2021 rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, FCPS's proportion was 17.79 percent, as compared to 18.40 percent at June 30, 2021.

For the year ended June 30, 2023, FCPS recognized pension expense of \$81,290,532. 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, 2023, FCPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 116,811,550
Net difference between projected and actual earnings on pension plan investments	-	220,868,843
Change of assumptions	159,714,936	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,017,478	66,087,139
Contributions subsequent to the measurement date	290,478,121	-
Total	<u>\$ 462,210,535</u>	<u>\$ 403,767,532</u>

A total of \$290,478,121 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, 2024. 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:

2024	\$ (65,525,419)
2025	(89,687,526)
2026	(163,510,031)
2027	86,687,858
	<u>\$ (232,035,118)</u>

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 on the next page:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS-Multi-Asset Public Strategies	6.00	3.73	0.22
PIP-Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
		Inflation	2.50
		Expected arithmetic nominal return ^(a)	7.83 %

^(a) The above allocation provides a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2022, 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, which was 100.00 percent of the actuarially determined contribution rate. From July 1, 2022 on, school divisions are assumed to contribute 100.00 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:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
FCPS' proportionate share of the VRS net pension liability	\$ 3,025,705,719	\$ 1,694,051,531	\$ 609,792,186

Plan Fiduciary Net Position

Detailed information about the VRS net position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (ACFR). A copy of the 2022 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.

<https://www.varetire.org/>

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 \$539,587,646 for fiscal year 2023.

H. OTHER POST-EMPLOYMENT 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 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 2022	FY 2023
Medical Members		
Number of active members	15,905	12,420
Average age	44	45
Average service	10	12
<u>Number of inactive members</u>		
Retirees and spouses	5,668	5,706
Average age	68	68
Life Insurance Members		
Number of active members	15,905	12,420
Average age	44	45
Average service	10	12
<u>Number of inactive members</u>		
Retirees and spouses	6,229	6,359
Average age	69	70

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 2022 and 2023 were \$19.0 million and \$15.4 million, respectively. Plan members are not required to contribute.

2. County Reporting OPEB Plan

Net OPEB Liability for the County

The County's net OPEB liability was measured as of June 30, 2022. The components of the net OPEB liability for the County are presented below:

	Total	Primary Government	EDA	FCRHA	FCPA
Total OPEB Liability	\$ 390,615,328	365,459,700	1,015,600	7,070,138	17,069,890
Plan's Fiduciary Net Position	(382,374,168)	(357,749,272)	(994,173)	(6,920,972)	(16,709,751)
Net OPEB Liability	\$ 8,241,160	7,710,428	21,427	149,166	360,139

Assumptions

For the County, the total OPEB Liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2022, using the following actuarial assumption:

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-2021, sex-distinct. Disabled mortality table Pub-2010, "General" classification, Disabled Retirement mortality table, projected using scale MP-2021, sex distinct.
Healthcare cost trend rate	6.7% - 11.9%, decreasing to 4.5%

The actuarial assumptions used in the valuation were based on the results of an actuarial experience for the period July 1, 2015 to June 30, 2020.

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 (Asset) Liability

Items that have resulted in a change in the OPEB (asset) liability for the current reporting period are as follows:

	Dollar amounts in (000)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a-b)
Balances 6/30/2022	\$ 381,810	423,897	(42,087)
Changes for year:			
Service cost	13,532	-	13,532
Interest	26,912	-	26,912
Difference between expected and actual experience	36,029	-	36,029
Changes of assumptions	(45,521)	-	(45,521)
Benefit payments, including refunds of members	(22,146)	(22,146)	-
Contributions - employer	-	19,004	(19,004)
Net investment income	-	(38,248)	38,248
Administrative expense	-	(132)	132
Net changes	8,806	(41,522)	50,328
Balances 6/30/2023	\$ 390,616	382,375	8,241

Presented below are those items as they relate to the individual plans:

	Dollar amounts in (000)				
	Primary Government	EDA	FCRHA	FCPA	Total
Total OPEB Liability					
Service cost	\$ 12,660	35	246	591	13,532
Interest	25,179	70	487	1,176	26,912
Difference between expected and actual experience	32,563	94	1,225	2,147	36,029
Changes in assumptions	(42,589)	(118)	(824)	(1,990)	(45,521)
Benefit payments, including refunds of member contributions	(20,720)	(57)	(401)	(968)	(22,146)
Net change in total OPEB liability	7,093	24	733	956	8,806
Total OPEB Liability - 6/30/2022	358,367	992	6,338	16,113	381,810
Total OPEB Liability - 6/30/2023	\$ 365,460	1,016	7,071	17,069	390,616
Plan Fiduciary Net Position					
Contributions - employer	\$ 17,780	49	344	831	19,004
Net investment income	(37,057)	(99)	(56)	(1,036)	(38,248)
Benefit payments, including refunds of member contributions	(20,720)	(57)	(401)	(968)	(22,146)
Administrative expense	(124)	-	(2)	(6)	(132)
Net change in plan fiduciary net position	(40,121)	(107)	(115)	(1,179)	(41,522)
Plan Fiduciary Net Position - 6/30/2022	397,869	1,102	7,037	17,889	423,897
Plan Fiduciary Net Position - 6/30/2023	\$ 357,748	995	6,922	16,710	382,375
Net OPEB Liability - 6/30/2023	\$ 7,712	21	149	359	8,241

Sensitivity Analysis

The following represents the County's net OPEB (asset) liability using the 7.00 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	\$ 451,223,800	390,615,328	342,135,409
Plan Fiduciary Net Position	(382,374,168)	(382,374,168)	(382,374,168)
Net OPEB (Asset) Liability	\$ 68,849,632	8,241,160	(40,238,759)

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Total OPEB Liability			
Primary Government	\$ 422,164,987	365,459,700	320,101,889
EDA	1,173,182	1,015,600	889,552
FCRHA	8,167,151	7,070,138	6,192,651
FCPA	19,718,480	17,069,890	14,951,317
Total OPEB Liability	\$ 451,223,800	390,615,328	342,135,409

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Plan Fiduciary Net Position			
Primary Government	\$ (357,749,272)	(357,749,272)	(357,749,272)
EDA	(994,173)	(994,173)	(994,173)
FCRHA	(6,920,972)	(6,920,972)	(6,920,972)
FCPA	(16,709,751)	(16,709,751)	(16,709,751)
Total Plan Fiduciary Net Position	\$ (382,374,168)	(382,374,168)	(382,374,168)

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Net OPEB (Asset) Liability			
Primary Government	\$ 64,415,715	7,710,428	(37,647,383)
EDA	179,009	21,427	(104,621)
FCRHA	1,246,179	149,166	(728,321)
FCPA	3,008,729	360,139	(1,758,434)
Total Net OPEB (Asset) Liability	\$ 68,849,632	8,241,160	(40,238,759)

The following represents the County's net OPEB (asset) liability calculated using the healthcare trend rates (6.70 percent to 11.90 percent, decreasing to 4.50 percent), as well as the impacts of calculating the rates at one percentage point lower (5.70 percent to 10.90 percent, decreasing to 3.50 percent) or one percentage point higher (7.70 percent to 12.90 percent, decreasing to 5.50 percent):

	1% Decrease	Trend Rate	1% Increase
	(Varied decreasing to 3.5%)	(Varied decreasing to 4.5%)	(Varied decreasing to 5.5%)
Total OPEB Liability	\$ 332,804,800	390,615,328	465,748,627
Plan Fiduciary Net Position	(382,374,168)	(382,374,168)	(382,374,168)
Net OPEB (Asset) Liability	<u>\$ (49,569,368)</u>	<u>8,241,160</u>	<u>83,374,459</u>

	1% Decrease	Trend Rate	1% Increase
	(Varied decreasing to 3.5%)	(Varied decreasing to 4.5%)	(Varied decreasing to 5.5%)
Total OPEB Liability			
Primary Government	\$ 311,372,171	365,459,700	435,754,416
EDA	865,292	1,015,600	1,210,946
FCRHA	6,023,767	7,070,138	8,430,050
FCPA	14,543,570	17,069,890	20,353,215
Total OPEB Liability	<u>\$ 332,804,800</u>	<u>390,615,328</u>	<u>465,748,627</u>

	1% Decrease	Trend Rate	1% Increase
	(Varied decreasing to 3.5%)	(Varied decreasing to 4.5%)	(Varied decreasing to 5.5%)
Plan Fiduciary Net Position			
Primary Government	\$ (357,749,272)	(357,749,272)	(357,749,272)
EDA	(994,173)	(994,173)	(994,173)
FCRHA	(6,920,972)	(6,920,972)	(6,920,972)
FCPA	(16,709,751)	(16,709,751)	(16,709,751)
Total Plan Fiduciary Net Position	<u>\$ (382,374,168)</u>	<u>(382,374,168)</u>	<u>(382,374,168)</u>

	1% Decrease	Trend Rate	1% Increase
	(Varied decreasing to 3.5%)	(Varied decreasing to 4.5%)	(Varied decreasing to 5.5%)
Net OPEB (Asset) Liability			
Primary Government	\$ (46,377,101)	7,710,428	78,005,144
EDA	(128,881)	21,427	216,773
FCRHA	(897,205)	149,166	1,509,078
FCPA	(2,166,181)	360,139	3,643,464
Total Net OPEB (Asset) Liability	<u>\$ (49,569,368)</u>	<u>8,241,160</u>	<u>83,374,459</u>

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources, and Component Allocation

For the year ended June 30, 2023, the County recognized OPEB expense of \$7,504,617. Deferred outflows and deferred inflows of resources and expense 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	\$ 390,616	365,460	1,016	7,071	17,069
Plan's Fiduciary Net Position	(382,375)	(357,748)	(995)	(6,922)	(16,710)
Net OPEB Liability	\$ 8,241	7,712	21	149	359
Deferred Outflows:					
Experience	\$ 56,025	52,417	146	1,014	2,448
Assumptions changes	42,831	40,073	111	775	1,872
Investment return	60,998	57,070	158	1,104	2,666
Contributions after measurement date	15,372	14,461	39	208	664
Change in proportion	302	-	-	-	302
Total Deferred Outflows	\$ 175,528	164,021	454	3,101	7,952
Deferred Inflows:					
Experience	\$ (4,576)	(4,281)	(12)	(83)	(200)
Assumptions changes	(133,469)	(124,873)	(347)	(2,416)	(5,833)
Investment return	(45,284)	(42,367)	(118)	(820)	(1,979)
Change in proportion	(302)	(47)	(189)	(66)	-
Total Deferred Inflows:	\$ (183,631)	(171,568)	(666)	(3,385)	(8,012)
OPEB Expense	\$ 7,505	7,021	20	136	328

Contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024.

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	
2024	\$ (2,220,021)
2025	(2,799,233)
2026	(6,489,767)
2027	492,788
2028	(11,277,481)
Thereafter	(1,179,990)
	<u>\$ (23,473,704)</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, 2023

ASSETS

Equity in pooled cash and temporary investments	\$	3,224,526
Contributions receivable		380,619
Accrued interest and dividends receivable		29,805
Investments, at fair value:		
Investment in pooled funds		400,184,493
Total assets		<u>403,819,443</u>

DEFERRED OUTFLOWS OF RESOURCES

Total deferred outflows of resources	-
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LIABILITIES

Accounts payable and accrued liabilities	21,864
Total liabilities	<u>21,864</u>

DEFERRED INFLOWS OF RESOURCES

Total deferred inflows of resources	-
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NET POSITION

Held in trust for OPEB benefits	\$	<u>403,797,579</u>
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COUNTY OF FAIRFAX, VIRGINIA
Statement of Changes in Plan Net Position
For the fiscal year ended June 30, 2023

ADDITIONS

Contributions:

Employer	\$ 13,042,958
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Other	2,328,956
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Total contributions	15,371,914
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Investment income:

From investment activities:

Net change in fair value of investments	28,531,488
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Interest	61,686
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Total gain from investment activities	28,593,174
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Less investment activities expenses:

Management fees	274,055
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Other	542
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Total investment activities expenses	274,597
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Net gain from investment activities	28,318,577
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Net investment gain	28,318,577
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Total deductions	43,690,491
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DEDUCTIONS

Benefits	22,127,226
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Administrative expenses	139,854
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Total deductions	22,267,080
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Net increase	21,423,411
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Net position, July 1, 2022	382,374,168
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Net position, June 30, 2023	\$ 403,797,579
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Net OPEB Liability for the Plan

The Plan's net OPEB liability was measured as of June 30, 2023. The components of the net OPEB liability for the Plan are as follows:

Total OPEB Liability	\$ 366,660,854
Plan Fiduciary Net Position (Market Value of Assets)	(403,797,579)
Net OPEB Asset	\$ (37,136,725)

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.13%
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Assumptions

For the Plan, the total OPEB liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2022, 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, ERS participants and "Public Safety" classification for PORS and URS participants, Employees Mortality Table, projected using Scale MP-2021, sex-distinct. Disabled mortality table Pub-2010, "General" classification, ERS participants and "Public Safety" classification for PORS and URS participants, Disabled Retirement mortality table, projected using scale MP-2021, sex distinct.
Healthcare cost trend rate	7.4% - 10.8%, decreasing to 4.50%

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period of July 1, 2015 to June 30, 2020.

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, 2023 are below:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity (Large Cap)	6.80%	24.77%
Domestic Equity (Small Cap)	7.30%	10.82%
International Equity	7.30%	13.05%
Emerging Markets Equity	7.70%	3.42%
Long / Short Equity	7.30%	6.28%
Core US Fixed Income	4.10%	4.01%
Core Plus US Fixed Income	5.40%	13.86%
Absolute Return Fixed Income	3.70%	3.88%
Real Estate	5.60%	10.16%
Private Equity	9.80%	7.18%
Cash	3.30%	2.57%

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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was negative 6.72 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 liability using the 7.00 percent discount rate, as well as what the liability would be if the discount rate were decreased or increased by one percent.

Sensitivity of Net OPEB (Asset) Liability to Changes in Discount Rate

	1% Decrease 6%	Current Rate 7%	1% Increase 8%
Total OPEB Liability	\$ 421,647,063	366,660,854	322,445,882
Plan Fiduciary Net Position	(403,797,579)	(403,797,579)	(403,797,579)
Net OPEB (Asset) Liability	<u>\$ 17,849,484</u>	<u>(37,136,725)</u>	<u>(81,351,697)</u>

The following represents the OPEB plan's net liability calculated using the healthcare trend rates (7.40 percent to 10.80 percent, decreasing to 4.50 percent), as well as the impacts of calculating the rates at one percentage point lower (6.40 percent to 9.80 percent, decreasing to 3.50 percent) or one percentage point higher (8.40 percent to 11.80 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	\$ 314,426,808	366,660,854	433,626,479
Plan Fiduciary Net Position	(403,797,579)	(403,797,579)	(403,797,579)
Net OPEB (Asset) Liability	<u>\$ (89,370,771)</u>	<u>(37,136,725)</u>	<u>29,828,900</u>

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

At June 30, 2023, 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	\$ 15,371,914	-
Total	\$ 15,371,914	-

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, 2024.

4. Public Schools OPEB PlanPlan 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 2023, 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 2022	FY 2021
Medical Members		
Number of active members	20,528	19,878
Average age	46	46
Average service	11	11
<u>Number of inactive members</u>		
Retirees and spouses	10,174	10,135
Average age	73	72
Life Insurance Members		
Number of active members	4,451	4,457
Average age	53	53
Average service	12	11
<u>Number of inactive members</u>		
Retirees and spouses	3,050	2,844
Average age	72	72

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 \$15,536,667 and \$15,527,658 for the years ended June 30, 2023 and June 30, 2022, respectively. The costs of administering 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 2023 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, 2023

	Component Unit - Public Schools' OPEB Trust Fund
ASSETS	
Receivable, accounts	\$ 37,200
Receivable, securities sold	5,919,200
Investment in pooled funds	<u>207,528,719</u>
Total assets	<u>213,485,119</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>\$ 213,447,919</u>

COUNTY OF FAIRFAX, VIRGINIA
OPEB Trust Fund
Statement of Changes in Net Position
For the fiscal year ended June 30, 2023

	Component Unit - Public Schools' OPEB Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 15,536,667
Total contributions	<u>15,536,667</u>
Investment income:	
From investment activities:	
Net increase in fair value of investments	14,986,379
Administrative expense	<u>(100,336)</u>
Total income from investment activities	<u>14,886,043</u>
Total additions	<u>30,422,710</u>
DEDUCTIONS	
Benefits payments /refunds	<u>10,536,667</u>
Total deductions	<u>10,536,667</u>
Change in net position	19,886,043
Net position, July 1, 2022	<u>193,561,876</u>
Net position, June 30, 2023	<u>\$ 213,447,919</u>

Net OPEB Liability

The Public Schools' net OPEB liability was measured as of June 30, 2023 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	\$ 247,699,784
Plan fiduciary net position (market value of assets)	(213,447,919)
Net OPEB liability	<u>\$ 34,251,865</u>
Plan fiduciary net position as a percentage of the OPEB liability	86.17%

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	7.25%, trending down to 2.75%
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	102% of the male rates and 99% of the female rates of the Pub-2010, "Teachers" Classification, Employees Mortality Table, projected using Scale MP-2021, sex-distinct
Current retirees	102% of the male rates and 99% of the female rates of the Pub-2010, "Teachers" Classification, Healthy Annuitant Mortality Table, projected using scale MP-2021, sex-distinct
Surviving spouses	102% of the male rates and 99% of the female rates of the Pub-2010, "Teachers" Classification, Survivor Beneficiary Mortality Table, projected using scale MP-2021, sex-distinct
Disabled retirees	102% of the male rates and 99% of the female rates of the Pub-2010, "Teachers" Classification, Disabled Retirement Mortality Table, projected using scale MP-2021, sex-distinct
Healthcare cost trend rate	7.00% - 8.50%, decreasing to 4.50%

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 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, 2023, 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)	4.4%	24.8%
Domestic Equity (Small Cap)	4.9%	10.8%
International Equity	4.9%	13.1%
Emerging Markets Equity	5.3%	3.4%
Cash (Gov't)	1.0%	2.6%
Core US Fixed Income	1.8%	4.0%
Long Duration Bonds – Credit	3.0%	13.9%
Non-US Developed Bond (50% Hedged)	1.4%	3.9%
Private Real Estate (Core)	3.2%	10.2%
Private Equity	7.3%	7.2%
Hedge Funds - Equity Long/Short (Buy List)	4.9%	6.3%

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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.66 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 7.00 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 (6.00 percent) or one percentage higher (8.00 percent) than the current rate:

	1% Decrease 6%	Current Rate 7%	1% Increase 8%
Total OPEB liability	\$ 274,095,778	247,699,784	225,363,784
Plan fiduciary net position	(213,447,919)	(213,447,919)	(213,447,919)
Net OPEB liability	\$ 60,647,859	34,251,865	11,915,865

The following represents Public Schools Net OPEB liability calculated using the healthcare trend rates (varied percentages 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 (varied percentages decreasing to 3.50 percent) or one percentage point higher (varied percentages 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	\$ 237,234,694	247,699,784	260,475,549
Plan fiduciary net position	(213,447,919)	(213,447,919)	(213,447,919)
Net OPEB liability	<u>\$ 23,786,775</u>	<u>34,251,865</u>	<u>47,027,630</u>

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

For the year ended June 30, 2023, the Public Schools recognized OPEB expense of \$(9,204,116). At June 30, 2023, 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	\$ 54,114,892	17,021,583
Change of assumptions	-	42,786,768
Net difference between expected and actual earnings on OPEB plan investment	6,251,231	-
Total	<u>\$ 60,366,123</u>	<u>59,808,351</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
2024	(14,330,890)
2025	2,584,078
2026	12,125,007
2027	(428,022)
2028	287,866
Thereafter	319,733
	<u>\$ 557,772</u>

Changes in the Net OPEB Liability

	(Dollar amounts in thousands)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances recognized at 6/30/2022	\$ 245,104	193,562	51,542
Changes for the year:			
Service cost	3,624	-	3,624
Interest cost	17,048	-	17,048
Differences between expected and actual experiences	(7,540)	-	(7,540)
Benefit payments	(10,537)	(10,537)	-
Contributions - employer	-	15,537	(15,537)
Net investment income	-	14,986	(14,986)
Administrative expense	-	(100)	100
Net changes	2,595	19,886	(17,291)
Balances recognized at 6/30/2023	\$ 247,699	213,448	34,251

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 6.0 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	65%	0% - 26%	40%	0% - 21%
Total Fixed Income	20%	0% - 16%	50%	0% - 43%
Total Real Assets	15%	0% - 15%	10%	5% - 15%
Cash	0%	0% - 10%	0%	0% - 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, 2023, the School OPEB Trust Fund had the following investments in the Pooled Trust:

Fair Value Measurements Using				
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investments by Fair Value Level	6/30/2023	Level 1	Level 2	Level 3
Mutual funds	\$ 130,319,790	-	-	130,319,790
Stocks	77,208,929	-	-	77,208,929
Total investment by fair value hierarchy level	\$ 207,528,719	-	-	207,528,719

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, 2023. 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, 2023, was recent arms-length financing rounds in which the partnership or other partnerships managed by the general partner had participated. As of June 30, 2023, 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, 2023, 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, 2020. 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 \$21,152,523 and \$20,059,856 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

At June 30, 2023, the Public Schools reported a liability of \$222,176,275 for its proportionate share of the net HIC OPEB liability. The net HIC OPEB liability was measured as of June 30, 2022, 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, Public Schools' proportion was 17.79 percent, as compared to 18.39 percent at June 30, 2020.

For the year ended June 30, 2023, Public Schools recognized HIC OPEB expense of \$17,322,199. 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, 2023, 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	\$ 3,038,552	8,232,659
Change of assumptions	6,490,903	567,365
Difference between expected and actual experience	-	9,056,254
Net difference between expected and actual earnings on OPEB plan investment	-	223,003
Contributions subsequent to the measurement date	21,152,523	-
Total	<u>\$ 30,681,978</u>	<u>18,079,281</u>

A total of \$21,152,523 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, 2024. 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
2024	\$ (1,111,759)
2025	(1,130,909)
2026	(1,311,484)
2027	(913,045)
2028	(1,986,054)
Thereafter	(2,096,575)
	<u>\$ (8,549,826)</u>

Actuarial Assumptions

The total HIC OPEB liability for VRS was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% to 5.95%
Investment rate of return, net of plan investment expense, including inflation	6.75%

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016, through June 30, 2020. 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement scale MP-2020
Retirement rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	No change
Salary scale	No change
Discount rate	No change

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 %	5.70 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
Multi-Asset Public Strategies	6.00	3.73	0.22
Private Investment	3.00	6.55	0.20
Total	<u>100.00 %</u>		<u>5.33 %</u>
		Inflation	<u>2.50</u>
		*Expected arithmetic nominal return	<u><u>7.83 %</u></u>

* The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2022, 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 which was 100.00 percent of the actuarially determined contribution rate. From July 1, 2022 on, school divisions are assumed to contribute 100.00 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	\$ 250,395,211	222,176,275	198,255,793

OPEB Plan Fiduciary Net Position

Detailed information about the HIC OPEB plan's fiduciary net position is available in the separately issued VRS 2022 ACFR. A copy of the 2021 VRS ACFR may be obtained from the VRS website at VRS 2022 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) OPEBPlan 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 \$8,984 effective June 30, 2023.

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 (1.34×60 percent) and the employer component was 0.54 percent (1.34×40 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, 2023, 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, 2021. 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 \$9,503,445 and \$9,003,779 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

At June 30, 2023, Public Schools reported a liability of \$92,295,917 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2022 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, Public Schools' proportion was 7.67 percent as compared to 7.94 percent at June 30, 2021.

For the year ended June 30, 2023, Public Schools recognized GLI OPEB expense of \$3,108,317. 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, 2023, 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	\$ 1,202,957	3,510,907
Difference between expected and actual experience	7,308,674	3,702,690
Change of assumptions	3,442,492	8,989,993
Net difference between expected and actual earnings on OPEB plan investment	-	5,767,136
Contributions subsequent to the measurement date	9,503,445	-
Total	\$ 21,457,568	21,970,726

A total of \$9,503,445 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, 2024. 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
2024	\$ (1,678,978)
2025	(1,787,200)
2026	(5,212,021)
2027	(4,687)
2028	(1,333,717)
	\$ (10,016,603)

Actuarial Assumptions

The total GLI OPEB liability for VRS was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% to 5.95%
Investment rate of return, net of plan investment expense, including inflation	6.75%

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement rates	Adjusted rates to better fit experience for Plan 1; set separate rates on based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	No change
Salary scale	No change
Discount rate	No change

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 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
Multi-Asset Public Strategies	6.00	3.73	0.22
Private Investment	3.00	6.55	0.20
Total	<u>100.00 %</u>		<u>5.33 %</u>
		Inflation	<u>2.50</u>
		Expected arithmetic nominal return ^(a)	<u>7.83 %</u>

a) The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at the time, providing a medium return of 7.11%, including expected inflation of 2.50%.

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, 2021, 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, which was 100.00 percent of the actuarially determined contribution rate. From July 1, 2022 on, school divisions are assumed to contribute 100.00 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	\$ 134,301,364	92,295,917	58,349,769

OPEB Plan Fiduciary Net Position

Detailed information about the GLI OPEB plan's fiduciary net position is available in the separately issued VRS 2023 ACFR. A copy of the 2023 VRS ACFR may be obtained from the VRS website at <http://www.varetire.org> 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 Park Authority and EDA participate in the County's self-insurance program. Participating funds and agencies are charged "premiums" which are computed based the cost of claims and insurance premiums and are administered through Risk Management.

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 any specific, incremental claim adjustment expenses and estimated recoveries. The liabilities do not include unallocated claims adjustment expenses.

The claims liabilities in the self-insurance funds are discounted at 1.77 and 1.49 percent on June 30, 2023 and 2022, respectively, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2023 and 2022 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, 2021	\$ 69,996,000	12,791,000	50,236,735	21,880,000
Claims incurred				
Claims and changes in estimates	29,568,920	176,643,718	10,927,616	465,918,929
Claims payments	(20,144,920)	(175,549,718)	(13,165,788)	(461,128,929)
Liability balances, June 30, 2022	79,420,000	13,885,000	47,998,563	26,670,000
Claims incurred				
Claims and changes in estimates	23,184,950	184,872,445	20,925,410	497,710,408
Claims payments	(20,177,950)	(185,966,445)	(14,726,238)	(495,758,408)
Liability balances, June 30, 2023	\$ 82,427,000	12,791,000	54,197,735	28,622,000

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, \$500,000 for County buildings and contents, \$100,000 for vehicles, and \$3,000,000 for workers' compensation.

J. LONG-TERM OBLIGATIONS

Presented below 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, 2023 (in thousands):

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 2,414,985	321,900	(220,090)	2,516,795	224,530
Premium on bonds payable	208,862	29,142	(35,214)	202,790	31,944
Revenue bonds payable:					
Principal amount of bonds payable**	59,795	-	(3,605)	56,190	3,695
Premium on bonds payable**	4,791	-	(756)	4,035	685
Principal amount of component unit bonds payable**	505,435	-	(36,585)	468,850	32,880
Premium on component unit bonds payable**	61,427	-	(7,626)	53,801	6,816
Component unit direct placements and borrowings**	570,265	12,249	(40,297)	542,217	15,475
Notes payable **	960	27,670	(960)	27,670	2,288
Component unit notes payable **	2,258	-	(645)	1,613	645
Compensated absences payable	165,244	82,806	(75,872)	172,178	74,847
Landfill closure and postclosure obligations	51,692	3,670	-	55,362	36
Lease liability	108,925	27,137	(18,630)	117,432	17,384
Subscription liability*	56,971	8,334	(21,373)	43,932	18,296
Insurance and benefit claims payable	93,305	11,079	(9,166)	95,218	13,723
Net pension liability	1,270,140	1,460,341	(345,308)	2,385,173	-
Net OPEB liability	-	104,858	(97,341)	7,517	-
Other:					
HUD Section 108 loans	3,095	-	(344)	2,751	344
Library Exchange	11,554	-	(868)	10,686	872
Total governmental activities	5,589,704	2,089,186	(914,680)	6,764,210	444,460
Business-type activities:					
Sewer revenue bonds payable:					
Principal amount of bonds payable**	710,085	19,647	(27,763)	701,969	31,889
Premium on bonds payable**	88,796	-	(4,006)	84,790	4,006
EDA revenue bonds payable:					
Principal amount of EDA bonds**	20,055	-	(605)	19,450	635
Premium on EDA bonds**	4,877	-	(252)	4,625	252
Net pension liability	27,987	23,694	(6,478)	45,203	-
Net OPEB liability	-	2,724	(2,530)	194	-
Compensated absences payable	3,152	2,190	(1,780)	3,562	1,674
Total business-type activities	854,952	48,255	(43,414)	859,793	38,456
Total long-term liabilities - Primary Government	\$ 6,444,656	2,137,441	(958,094)	7,624,003	482,916
Component Units					
Public Schools					
Compensated absences payable	\$ 39,169	32,012	(29,310)	41,871	29,310
Purchased Leases	80,907	29,873	(19,856)	90,924	24,867
Lease liability	47,701	20,432	(11,594)	56,539	10,307
Subscription liability	-	75,745	(14,695)	61,050	13,352
Insurance and benefit claims payable	74,669	8,231	(80)	82,820	38,030
Net pension liability	2,163,905	1,474,460	(447,021)	3,191,344	-
Net OPEB liability	380,071	404,576	(435,923)	348,724	-
Total Public Schools	2,786,422	2,045,329	(958,479)	3,873,272	115,866
FCRHA					
FCRHA lease revenue bonds liability:					
Principal amount of FCRHA bonds**	58,010	-	(2,040)	55,970	2,140
Premium on FCRHA bonds**	11,373	-	(1,098)	10,275	1,057
Mortgage revenue bonds payable	18,971	-	(759)	18,212	804
Mortgage notes payable	62,965	-	(1,648)	61,317	722
Lease liability	250	905	(5)	1,150	772
Subscription liability	-	747	(173)	574	188
Net pension liability	19,420	13,053	(7,058)	25,415	-
Net OPEB liability	-	2,016	(1,867)	149	-
Compensated absences payable	673	372	(396)	649	364
Total FCRHA	171,662	17,093	(15,044)	173,711	6,047
Park Authority					
Notes payable**	2,346	62	(678)	1,730	695
Lease liability	2,455	-	(345)	2,110	351
Subscription liability*	-	1,154	(348)	806	350
Net pension liability	37,076	29,884	(8,775)	58,185	-
Net OPEB liability	(1,776)	2,136	-	360	-
Loan from Primary Government	9,380	-	(875)	8,505	765
Compensated absences payable	5,773	2,772	(1,949)	6,596	2,089
Total Park Authority	55,254	36,008	(12,970)	78,292	4,250
EDA					
EDA revenue bonds liability:					
Principal amount of EDA bonds**	1,036,570	12,249	(74,272)	974,547	46,850
Premium on EDA bonds**	54,931	-	(6,781)	48,150	6,011
Compensated absences payable	553	303	(282)	574	256
Lease liability	1,643	-	(531)	1,112	831
Subscription liability*	41	-	(41)	-	-
Net pension liability	4,985	4,060	(1,140)	7,905	-
Net OPEB liability	-	298	(277)	21	-
Total EDA	1,098,723	16,910	(83,324)	1,032,309	53,948
Total long-term liabilities - Component units	\$ 4,112,061	2,115,340	(1,069,817)	5,157,584	180,111

* Fiscal year 2022 balance restated due to the implementation of GASB Statement 96.

**Fiscal year 2022 balance restated. Long-term debts issued by Component Units were reclassified to the issuers' financial statements.

Compensated absences payable, lease liability, 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, 2023, the amount of general obligation bonds authorized and unissued is summarized to the right.

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 \$2.0 billion over a five-year period or an average of \$400 million annually, with a maximum of \$425 million in any given year. All self-imposed bond limits have been complied with at June 30, 2023.

Bond Purpose	Amount (in Thousands)
School improvements	\$ 519,260
Transportation improvements	101,380
Parks and park facilities	127,070
Human Services	136,900
Public safety facilities	249,610
Public library facilities	90,000
Total authorized but unissued bonds	<u>\$ 1,224,220</u>

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 2023, the County issued \$321,900,000 of Series 2023A General Obligation Public Improvement Bonds with an average interest rate of 4.05 percent. The bonds were issued to finance projects related to school improvements, public safety, park facilities, and other purposes.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2023, is contained in Section 6 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 EDA issued \$47,745,000 to advance refund a portion of the outstanding Series 2003 Laurel Hill revenue bonds. In November 2021, the 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, 2014B County Facilities Project Bonds, and 2017B County Facilities Projects Refunding Bonds. In June 2022, the 2012A Bonds were fully redeemed.

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 EDA issued \$44,000,000 to advance refund certain outstanding maturities of the Series 2005 facilities revenue bonds. In November 2021, the 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 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 of \$19,546,337 into a depositary 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 May 2022, Fairfax County partially defeased a portion of the Series 2016 Bonds in a principal amount of \$4,780,000. 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 EDA 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 November 2021, the 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. Also, in November 2021, the 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, 2014B County Facilities Project Bonds, and 2017B County Facilities Projects Refunding Bonds. In November 2021, the remaining maturities of the 2012A revenue bonds were fully redeemed.

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, the 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 November 2021, the 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. Also, in November 2021, the 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, 2014B County Facilities Project Bonds, and 2017B County Facilities Projects Refunding Bonds.

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.

In November 2021, the 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. Of the total issuance, Stormwater's portion totals \$54,550,000 and Wastewater's portion totals \$20,055,000.

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. Duplicate entries have been eliminated for reporting purposes.

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 Bonds) 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.

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 October 2022, the FCRHA 2018A Bonds were fully redeemed.

Detailed information regarding the revenue bonds outstanding as of June 30, 2023 is contained in Section 6 of this note.

3. Direct Placements and Borrowings

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. The County made the first prepayment of \$38,599,999 on November 17, 2022. The County's outstanding obligations from direct borrowings and direct placements related to governmental activities include the County's TIFIA loan and the County's EDA Series 2021D Refunding Bonds.

The County's TIFIA loan contains a provision that an event of default (including, but not limited to payment defaults, covenant defaults and a default under the TIFIA Loan Agreement) can trigger acceleration of the TIFIA bond as a remedy. The County's EDA Series 2021D Refunding Bonds contain (1) a provision that an acceleration of maturity of the County's EDA Series 2021D Refunding Bonds can be triggered in the event of a payment default only; (2) a provision that provides for an increase in the interest rate on the County's EDA Series 2021D Refunding Bonds during any period in which there is a default under the Master Trust Agreement or the Installment Purchase Contract; and (3) a gross up provision relating to the rate of interest on the County's EDA Series 2021D Refunding Bonds if, after conversion to a tax-exempt rate, a determination of taxability occurs.

Detailed information regarding the direct placements and borrowings outstanding as of June 30, 2023 is contained in Section 6 of this note.

4. 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, 2023, the outstanding bonds consist of \$31,665,000 of Series 2014 revenue refunding bonds, \$150,395,000 of Series 2016A revenue refunding bonds, \$78,610,000 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 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.

On November 23, 2021, the Fairfax County Economic Development Authority (EDA) issued \$74,605,000 of Fairfax County Facilities Revenue Bonds Series 2021A, with an average interest rate of 4.60 percent, to fund the costs of construction of a joint Stormwater/Wastewater facility to be used to consolidate the functions and operations of Fairfax County's Stormwater and Wastewater divisions

(the “2021 Public Works Project”) and to pay the issuance costs of the Series 2021A bonds. Of the total par value in the amount of \$74,605,000, Stormwater’s component share is \$54,550,000, while Wastewater’s component share is \$20,055,000.

The outstanding bonds as of June 30, 2023 consist of \$52,910,000 for the Stormwater component and \$19,450,000 for the Wastewater component.

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 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 \$199,755,000 of regional sewer system revenue refunding bonds (UOSA 2020), of which the System's share is \$111,228,596, 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.

In December 2022, UOSA issued \$48,830,000 of regional sewer system revenue bonds (UOSA 2022), of which the System's share is \$19,647,019, to fund improvements to UOSA's regional advanced wastewater treatment system.

The Sewer System's share of UOSA's total outstanding debt as of June 30, 2023 is \$225,098,562 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.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2023 is contained in Section 6 of this note.

5. Notes Payable

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. 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. Duplicate entries have been eliminated for reporting purposes.

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.

In January 2023, the County entered into an equipment master lease agreement with the Banc of America Public Capital Corp. to finance the purchase of portable and mobile radios for the public safety agencies over a ten-year period in the amount of \$27,669,645. The ownership of the equipment will transfer to the County at the end of the lease term. The lease is recognized as financed-purchase lease and recorded as notes payable.

Detailed information regarding notes payable outstanding as of June 30, 2023 is contained in Section 6 of this note.

6. 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, 2023, 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)	4.70-5.25	10-28-09	10-01-29	4,247	\$ 63,700	29,727	5,307	35,034
Series 2012 B	Refunding	5.00	02-02-12	04-01-24	9,767	74,759	9,768	488	10,256
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,242-8,716	54,389	15,090	802	15,892
Series 2014 A	Public Improvement	3.00-5.00	02-06-14	10-01-33	6,170	123,426	18,509	1,265	19,774
Series 2014 A	Refunding	5.00	02-06-14	10-01-23	833	18,569	833	21	854
Series 2014 B	Refunding	3.00-5.00	11-04-14	10-01-26	5,424-15,893	70,399	39,289	2,873	42,162
Series 2015 A	Public Improvement	3.00-5.00	03-04-15	10-01-34	4,300	86,037	25,800	3,268	29,068
Series 2015 B	Refunding	3.00-5.00	03-11-15	10-01-26	1,824-8,613	17,989	17,989	2,120	20,109
Series 2015 C	Refunding	5.00	07-07-15	10-01-25	2,682-2,717	49,077	8,099	609	8,708
Series 2016 A	Public Improvement	3.00-4.00	02-09-16	10-01-35	4,115	82,312	28,805	3,812	32,617
Series 2016 A	Refunding	3.00-4.00	02-09-16	10-01-30	2,242-13,840	37,806	33,177	6,057	39,234
Series 2017 A	Public Improvement	4.00-5.00	02-07-17	10-01-36	4,565-4,570	91,395	63,975	19,031	83,006
Series 2018 A	Public Improvement	4.00-5.00	01-24-18	10-01-37	4,221-4,225	84,481	63,355	20,692	84,047
Series 2019 A	Public Improvement	4.00-5.00	02-12-19	10-01-38	2,920-2,925	58,460	46,760	18,330	65,090
Series 2019 B	Refunding	3.30-5.00	02-12-19	10-01-32	124-4,056	17,066	16,708	4,465	21,173
Series 2020 A	Public Improvement	4.00-5.00	02-11-20	10-01-39	3,515-3,520	70,064	59,810	25,050	84,860
Series 2020 A	Refunding	4.00-5.00	02-11-20	10-01-31	1,355-3,423	35,627	28,017	6,182	34,199
Series 2020 B	Refunding	0.38-1.83	09-16-20	10-01-35	2,047-15,316	122,271	117,797	12,852	130,649
Series 2021 A	Public Improvement	2.00-4.00	02-09-21	10-01-40	4,870-4,875	96,850	87,700	20,655	108,355
Series 2022 A	Public Improvement	2.00-4.00	02-08-22	10-01-41	5,450-5,455	109,060	103,605	27,535	131,140
Series 2023 A	Public Improvement	4.00-5.00	02-02-23	10-01-42	6,645	132,900	132,900	54,673	187,573
Total general obligation bonds - General County						1,496,637	947,713	236,087	1,183,800
Schools:									
Series 2009 E	Public Improvement (BABs)	4.70-5.25	10-28-09	10-01-29	9,233	138,500	64,633	11,539	76,172
Series 2012 B	Refunding	5.00	02-02-12	04-01-24	14,743	117,591	14,743	737	15,480
Series 2013 B	Refunding	3.00-4.00	01-24-13	10-01-25	1,518-11,969	73,611	19,525	1,022	20,547
Series 2014 A	Public Improvement	3.00-5.00	02-06-14	10-01-33	7,045	140,904	21,136	1,444	22,580
Series 2014 A	Refunding	5.00	02-06-14	10-01-23	1,572	33,411	1,572	39	1,611
Series 2014 B	Refunding	3.00-5.00	11-04-14	10-01-26	6,626-20,725	131,791	64,386	4,422	68,808
Series 2015 A	Public Improvement	3.00-5.00	03-04-15	10-01-34	7,065	141,303	42,390	5,369	47,759
Series 2015 B	Refunding	3.00-5.00	03-11-15	10-01-26	4,736-19,772	39,081	39,081	4,467	43,548
Series 2015 C	Refunding	5.00	07-07-15	10-01-25	3,278-3,328	90,438	9,906	746	10,652
Series 2016 A	Public Improvement	3.00-4.00	02-09-16	10-01-35	6,735-6,740	134,728	47,150	6,238	53,388
Series 2016 A	Refunding	3.00-4.00	02-09-16	10-01-30	5,819-27,125	81,134	69,118	12,780	81,898
Series 2017 A	Public Improvement	4.00-5.00	02-07-17	10-01-36	6,845-6,850	136,980	95,880	28,522	124,402
Series 2018 A	Public Improvement	4.00-5.00	01-24-18	10-01-37	6,755-6,760	135,160	101,359	33,111	134,470
Series 2019 A	Public Improvement	4.00-5.00	02-12-19	10-01-38	7,810	156,200	124,960	49,008	173,968
Series 2019 B	Refunding	3.30-5.00	02-12-19	10-01-32	201-6,604	27,784	27,202	7,269	34,471
Series 2020 A	Public Improvement	4.00-5.00	02-11-20	10-01-39	7,210-7,215	143,861	122,645	51,384	174,029
Series 2020 A	Refunding	4.00-5.00	02-11-20	10-01-31	2,465-6,233	64,833	50,983	11,249	62,232
Series 2020 B	Refunding	0.38-1.83	09-16-20	10-01-35	2,863-21,890	171,789	165,533	18,781	184,314
Series 2021 A	Public Improvement	2.00-4.00	02-09-21	10-01-40	7,915	157,340	142,470	33,560	176,030
Series 2022 A	Public Improvement	2.00-4.00	02-08-22	10-01-41	8,175-8,180	163,590	155,410	41,305	196,715
Series 2023 A	Public Improvement	4.00-5.00	02-02-23	10-01-42	9,445-9,455	189,000	189,000	77,734	266,734
Total general obligation bonds - Schools						2,469,029	1,569,082	400,726	1,969,808
Total general obligation bonds						3,965,666	2,516,795	636,813	3,153,608
Revenue bonds:									
EDA revenue bonds:									
Series 2014 A	Public Safety Facility Project	5.00	06-26-14	10-01-24	7,040	126,690	14,080	704	14,784
Series 2014 A	County Facilities Refunding	5.00	06-26-14	10-01-24	1,955-2,050	44,000	4,005	203	4,208
Series 2014 B	County Facilities Project	3.31-3.53	06-26-14	10-01-24	1,395-1,445	30,175	2,840	100	2,940
Series 2016	Silver Line Phase 1 Project	4.00-5.00	03-16-16	04-01-34	8,600-12,955	173,960	116,765	30,404	147,169
Series 2017	Metrorail Parking System Project	5.00	03-08-17	04-01-47	1,475-4,530	69,645	65,625	48,517	114,142
Series 2017A	County Facilities Project	2.58-3.79	08-10-17	10-01-37	810-1,290	19,060	15,270	4,450	19,720
Series 2017B	County Facilities Refunding	1.63-5.00	08-10-17	10-01-28	1,445-1,845	31,150	9,820	1,536	11,356
Series 2019	Six Public Facilities Refunding	3.50-4.13	04-23-19	04-01-32	1,270-1,725	18,125	13,470	3,101	16,571
Series 2020	Metrorail Station Parking Refunding	5.00	05-05-20	08-01-34	3,485-6,035	62,285	55,825	18,401	74,226
Series 2021 A	County Facilities Projects (Stormwater)	4.00-5.00	11-23-21	10-01-41	1,725-4,100	54,550	52,910	26,518	79,428
Series 2021 B	County Facilities Refunding	4.00-5.00	11-23-21	10-01-41	2,525-3,020	13,865	13,865	10,069	23,934
Series 2021 C	County Facilities Refunding	0.51-2.63	11-23-21	10-01-36	1,420-5,380	53,475	48,405	7,847	56,252

(Continued)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

		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)
Series									
FCRHA lease revenue bonds:									
Series 2019	Wedgewood	5.00	08-13-19	10-01-39	2,140-4,765	\$ 61,795	55,970	27,109	83,079
VRA Subfund Revenue bonds:									
Series 2013 C	Linconia Project	4.40-5.13	11-20-13	10-01-33	555	11,085	6,105	1,551	7,656
CDA revenue bonds:									
Series 2020 A	Tax-Exempt	4.00	12-03-20	03-01-36	1,550-3,295	37,765	34,235	10,335	44,570
Series 2020 A	Taxable	0.90-2.99	12-03-20	03-01-36	965-1,410	17,885	15,850	3,025	18,875
Total revenue bonds						825,510	525,040	193,870	718,910
Direct Placements and Borrowings:									
Series 2021 D Revenue Bonds County Facilities Refunding		2.03	11-23-21	10-01-34	1,730-11,340	110,485	108,790	14,690	123,480
TIFIA Loan		2.73	12-17-14	04-01-46	4,462-8,003	403,275	433,427	153,093	586,520
Total direct placements and borrowings						513,760	542,217	167,783	710,000
Notes payables:									
General County:									
Salona		4.22-4.29	12-27-05	12-31-25	645	12,900	1,613	103	1,716
Financed purchase agreement		4.1520	01-06-23	01-06-33	2,288-3,300	27,669	27,670	6,703	34,373
Schools:									
Financed purchase agreement - Bus		1.10-4.34	10-26-19	05-05-28	161-816	44,884	31,928	2,867	34,795
Financed purchase agreement - Gatehouse building		5.0000	01-10-05	01-04-35	2,880	60,690	34,565	4,486	39,051
Financed purchase agreement - Laptops		0.56-4.64	05-17-20	09-23-26	530-5,495	54,533	24,431	877	25,308
Park Authority:									
Financed purchase agreement		4.5000	06-01-22	06-01-26	1,355 - 2,711	153	117	9	126
Total notes payables						200,829	120,324	15,045	135,369
HUD Section 108 Loans:									
HUD Section 108 loan #12		Variable	02-14-11	08-01-30	343-344	6,535	2,751	351	3,102
Total HUD Section 108 loans						6,535	2,751	351	3,102
Total governmental activities						5,512,300	3,707,127	1,013,862	4,720,989
Business-type activities:									
Sewer revenue bonds:									
UOSA Bonds	Subordinated	0.297-5.60	12-23-10	07-01-52	1,072-24,063	277,621	225,099	63,581	288,680
EDA Series 2021A	Subordinated	4.00-5.00	11-23-21	10-01-41	635-1,505	20,055	19,450	9,748	29,198
Series 2014	Refunding	3.00-5.00	04-16-14	07-15-28	4,735-5,770	61,755	31,665	3,437	35,102
Series 2016	Refunding	3.00-5.00	05-12-16	07-15-39	6,615-12,950	164,450	150,395	51,510	201,905
Series 2017	Revenue	4.00-5.00	06-28-17	07-15-47	1,620-5,375	85,785	78,610	59,091	137,701
Series 2021A	Revenue	4.00-5.00	06-09-21	07-15-51	3,130-11,545	191,990	191,990	149,568	341,558
Series 2021B	Refunding	3.00-4.00	06-09-21	07-15-42	3,585-4,545	24,210	24,210	15,144	39,354
Total business-type activities						825,866	721,419	352,079	1,073,498
Total County bond, note, and loan indebtedness						\$ 6,338,166	4,428,546	1,365,941	5,794,487

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, 2023 are as follows:

Fiscal Year	Governmental Activities								Business-Type			
	General Obligation Bonds		Revenue Bonds		Direct Placements and Direct Borrowings		Notes and Loans		Sewer System Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 224,530	93,760	36,575	22,146	15,475	13,947	28,196	3,506	32,524	27,009	337,300	160,368
2025	221,335	81,314	37,890	20,485	16,165	13,499	21,736	2,825	34,092	25,769	331,218	143,892
2026	210,975	72,294	30,025	18,995	25,868	12,990	13,172	2,285	42,528	24,495	322,568	131,059
2027	203,075	63,919	31,315	17,669	26,083	12,363	12,293	1,847	37,295	23,207	310,061	119,005
2028	190,725	56,070	32,690	16,274	26,304	11,741	10,331	1,412	38,408	22,085	298,458	107,582
2029-2033	774,185	184,266	182,585	59,806	135,360	48,825	31,128	3,394	135,603	94,681	1,258,861	390,972
2034-2038	486,470	72,473	104,130	26,698	114,810	32,563	6,220	127	140,435	69,021	852,065	200,882
2039-2043	205,500	12,717	52,965	9,637	109,177	18,327	-	-	129,087	41,055	496,729	81,736
2044-2048	-	-	16,865	2,160	72,975	3,528	-	-	77,736	19,996	167,576	25,684
2049-2053	-	-	-	-	-	-	-	-	52,596	4,716	52,596	4,716
2054-2058	-	-	-	-	-	-	-	-	1,115	45	1,115	45
Totals	\$ 2,516,795	636,813	525,040	193,870	542,217	167,783	123,076	15,396	721,419	352,079	4,428,547	1,365,941

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
2024	\$ 871,646
2025	875,031
2026	878,429
2027	881,841
2028	885,265
2029-2033	4,478,162
2034-2035	1,815,707
Totals	\$ 10,686,081

7. 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 (MVL), a limited partner of the FCRHA. These bonds had an interest rate of 2.26 percent. In August 2020, the FCRHA issued an additional \$4,000,000 Multifamily Housing Revenue Bond Note (Series 2020) for the continued rehabilitation of Murraygate Village Apartments by MVL. These bonds had an interest rate of 2.00 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, 2023, 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	1,630
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.35	08-01-97	07-01-27	24-30	2,875	275
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-6.0	05-01-99	05-01-29	44-56	2,000	727
Multi-family revenue bonds	Cedar Ridge Apartments	5.98	03-29-07	10-01-48	62-115	13,200	11,138
Multi-family revenue bonds	Olley Glen - senior rental property	average of 5.37%	08-26-08	08-01-51	30-355	12,220	4,442
Lease revenue bonds		5.00	08-13-19	10-01-39	2,140-4,765	61,795	55,970
Total mortgage bonds payable - FCRHA						98,430	74,182
Mortgage Notes Payable and Loan from County:							
United Bank	Faircrest North, Laurel Hill, Westcott Ridge, Legato Corner	6.21	01-01-07	12-01-32	54-65	2,998	1,291
Sun Trust Bank	Stonegate rental property	6.16	02-08-05	01-08-24	112	1,286	117
Virginia Housing Development	First Stop Group Home property	7.61	08-01-06	03-01-25	36	385	63
	Gum Springs Glen property	4.50	07-22-03	08-31-33	96	1,500	769
Fulton Bank	Morris Glen	8.50	01-01-14	04-01-26	26	322	120
Fairfax County Redevelopment and Housing Authority	Herndon Harbour House I	2.00	varies	08-01-27	-	3,013	2,654
	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	907
	Castellani Meadows	4.00	varies	04-01-28	-	1,920	1,226
	Tavener	7.21	varies	01-01-27	-	2,042	778
	Morris Glen	1.00-2.00	varies	01-01-26	-	2,272	1,410
	Stonegate	1.00	varies	04-01-24	-	1,957	271
	Gum Springs Glen	4.25	varies	04-01-33	-	655	427
Total mortgage notes payable - FCRHA						22,666	13,092
Total public housing bonds, notes, and loans payable - FCRHA primary government						\$ 121,096	87,274

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, 2023, 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
2024	\$ 2,943,781	964,020	300,068	101,572	3,243,849	1,065,592
2025	3,110,164	916,353	184,198	86,988	3,294,362	1,003,341
2026	3,273,145	865,496	1,575,326	605,309	4,848,471	1,470,805
2027	3,474,172	804,492	3,557,747	1,607,438	7,031,919	2,411,930
2028	3,090,857	762,701	2,266,480	2,148,300	5,357,337	2,911,001
2029-2033	17,350,689	3,470,098	4,937,602	2,195,321	22,288,291	5,665,419
2034-2038	22,237,316	2,849,392	270,500	-	22,507,816	2,849,392
2039-2044	12,851,874	2,067,509	-	-	12,851,874	2,067,509
2044-2048	4,518,190	1,001,073	-	-	4,518,190	1,001,073
2049-2053	1,331,529	96,058	-	-	1,331,529	96,058
Totals	\$ 74,181,717	13,797,192	13,091,921	6,744,928	87,273,638	20,542,120

8. 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 \$13,200,220. In November 2021, the County refinanced Laurel Hill 2012A Bond Series and fully refunded the remaining debt balance of \$9,599,400, with an interest saving of \$257,457 and entered in the 2021C Bond Series. The loan payable amount outstanding as of June 30, 2023 is \$8,505,000.

The debt service requirements to maturity for the outstanding bonds and loan at June 30, 2023, are as follows:

Fiscal Year	Loan from Primary Government		
	Int. Rate	Principal	Interest
2024	0.51 %	\$ 765,000	130,547
2025	0.83	810,000	125,243
2026	1.11	815,000	117,378
2027	1.39	825,000	107,262
2028	1.58	840,000	95,011
2029-2033	1.98	4,450,000	232,269
Totals		<u>\$ 8,505,000</u>	<u>807,710</u>

9. 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. The FCRHA has only limited commitments for these conduit debt obligations. A bondholder's sole recourse in the event of default on the tax-exempt bonds is to the subject property and third-party beneficiaries. Due to the implementation of GASB Statement No. 91, these bonds have been recorded in the FCRHA financial statements as long-term obligation. As the County is responsible, under the related documents and subject to annual appropriations, to make payments to a trustee sufficient to pay principal and interest on all these bonds, the related non-current receivables from the County have been recorded in the FCRHA financial statements. As of June 30, 2023, approximately \$68.7 million of such tax-exempt bonds are still outstanding.

On December 15, 2020, the FCRHA issued \$22,500,000 of Multifamily Housing Revenue Bonds. The tax-exempt bonds have provided funding for the construction of a 148-unit project known as Ovation at Arrowbrook. The project is owned by Arrowbrook Apartments II, LLC. The FCRHA is a conduit issuer for these bonds and the bondholders will be paid solely from the project's revenue. The bond bears an initial interest rate of 0.41 percent and matures on January 1, 2041.

During the year ended June 30, 2022, the FCRHA issued private activity bonds to make loans for the assistance in the development, equipping, and/or construction of four affordable rental housing development projects by private sponsors. In June 2022, a total of \$515,000 in short-term Multifamily Housing Revenue Bonds (Series 2022) were issued to provide supplemental financing for the costs of the construction and equipping of a 47 unit (\$270,000) and a 94 unit (\$245,000) residential rental housing project. Both projects comprise one portion of a larger affordable multifamily housing development to be known as Residences at North Hill. The construction of the projects was also financed with Virginia Housing 4.00 percent Low Income Housing Tax Credits. The bonds bear an average interest rate of 2.75 percent calculated on the basis of a 360-day year with a maturity date of May 1, 2023.

In September 2021, FCRHA issued a total of \$19,680,000 in Multifamily Housing Revenue Bonds (Series 2021) to provide supplemental financing for the construction of a 120-unit affordable multifamily housing development project to be known as One University Senior Apartments. The

Project was to be constructed on the land owned by FCRHA and leased to the borrower pursuant to a Deed of Lease between FCRHA and the borrower. The bond bears an interest rate of 1.25 percent and matures on December 1, 2025.

In October 2021, FCRHA issued a total of \$12,570,000 in Multifamily Housing Revenue Bonds (Series 2021) to finance, refinance or reimburse a portion of the costs of the construction and equipping of a 70-unit multifamily housing development to be owned and operated as an affordable multifamily rental housing project and to be known as Oakwood North Four Project. The Project was to be constructed on the land owned by FCRHA and leased to an affiliate of the Borrower pursuant to a Deed of Lease and sub-leased to the Borrower pursuant to a Sub-Leased Agreement. The bond bears an initial interest rate of 0.41 percent with a maturity date of May 1, 2025.

In September 2022, FCRHA issued a total of \$7,717,000 in Multifamily Housing Revenue Bonds (Series 2022) to provide supplemental financing for the construction of a 44-unit affordable multifamily housing development project known as Braddock Four Apartments. The Project was to be constructed on the land owned by FCRHA and leased to the borrower pursuant to a Deed of Lease between FCRHA and the borrower. The bond bears an interest rate of 1.25 percent with a maturity date April 1, 2042.

In December 2022, FCRHA issued a total of \$2,722,000 in Multifamily Housing Revenue Bonds (Series 2022) to provide supplemental financing for the construction of a 148-unit affordable housing development project known as Arrowbrook Apartments. The Project was to be constructed on the land owned by FCRHA and leased to the borrower pursuant to a Deed of Lease between FCRHA and the borrower. The bond bears an interest rate of 1.25 percent with a maturity date of January 1, 2025.

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. The EDA has only limited commitments for these conduit debt obligations. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2023, the cumulative amount of all IRBs outstanding was \$347,399,664.

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, Series 2012, 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. In February 2022, the EDA issued \$49,080,000 of transportation contract revenue refunding bonds, Series 2022A, on behalf of the State Route 28 Transportation Improvement District to current refund all the outstanding maturities of Series 2012 bonds. 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 for making 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, 2023, the

total outstanding principal amount of these transportation contract revenue bonds outstanding was \$131,360,000.

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.

10. 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, 2023, the outstanding bonds considered defeased but not yet redeemed are \$379 million in revenue bonds.

11. 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 \$55.4 million closure and post-closure obligation, as of June 30, 2023, 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 2055.

The closure and post-closure obligation for the I-95 Landfill, as of June 30, 2023, is \$53.9 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 \$1.5 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.

12. Leases

Leases Payable

The County has entered into various long-term noncancellable lease agreements as lessee for use of office space, land, infrastructure, and office equipment. The County recognizes lease liabilities and intangible right-to-use lease assets in the government-wide financial statements and proprietary fund financial statements. Most leases have initial terms of up to 25 years and contain renewals at the County's option. As the interest rate implicit in the County's leases is not readily determinable, the County uses its incremental borrowing rate to discount the lease payments. For additional information, refer to the disclosures below.

At June 30, 2023 the value of the underlying assets and the annual requirements to maturity relating to leases are as follows:

Asset Class	Primary Government - Governmental Activities		Component Units	
Land	\$	3,413,311	-	
Buildings		138,913,238	65,964,688	
Infrastructure		1,825,101	233,954	
Equipment		5,273,399	13,556,730	
Total assets, at cost		149,425,049	79,755,372	
Accumulated amortization		(36,879,620)	(21,287,883)	
Total assets, net	\$	112,545,429	58,467,489	

Fiscal Year	Primary Government - Governmental Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 17,383,606	1,695,568	19,079,174	\$ 12,261,413	1,291,523	13,552,936
2025	16,693,291	1,465,899	18,159,190	8,551,942	959,669	9,511,611
2026	13,130,906	1,248,183	14,379,089	7,894,717	791,095	8,685,812
2027	12,663,939	1,044,410	13,708,349	7,268,994	678,595	7,947,589
2028	12,077,481	849,192	12,926,673	6,875,271	558,287	7,433,558
2029-2033	38,014,309	1,988,743	40,003,052	14,557,511	1,345,157	15,902,668
2034-2038	4,936,128	470,074	5,406,202	3,333,827	1,244,754	4,578,581
2039-2043	1,825,211	172,048	1,997,259	67,198	21,913	89,111
2044-2047	706,709	24,385	731,094	100,098	4,341	104,439
Total	\$ 117,431,580	8,958,502	126,390,082	\$ 60,910,971	6,895,334	67,806,305

13. Subscription-Based Information Technology Arrangements

Subscriptions Payable

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this statement, the County is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

The County has entered into various long-term noncancellable subscription arrangements for the use of the vendor's information technology software. Most of the subscriptions have initial terms of more than one year with up to nine years and contain renewals at the County's option. The County includes the renewal period in the subscription term when it is reasonably certain that the renewal option will be exercised. The County uses the interest rate charged by the vendor as the discount rate. When the interest rate is not provided, the County generally uses its incremental borrowing rate to discount the subscription payments.

At June 30, 2023 the value of the underlying assets and the annual requirements to maturity relating to subscriptions are as follows:

Asset Class	Primary Government - Governmental Activities		Component Units	
Software	\$	67,135,757		84,558,062
Total assets, at cost		67,135,757		84,558,062
Accumulated amortization		(20,285,384)		(14,212,314)
Total assets, net	\$	46,850,373		70,345,748

Fiscal Year	Primary Government - Governmental Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 18,295,853	991,925	19,287,778	\$ 13,889,828	1,541,960	15,431,788
2025	16,002,480	606,982	16,609,462	13,818,752	1,217,068	15,035,820
2026	2,867,696	262,871	3,130,567	6,912,220	892,063	7,804,283
2027	2,179,406	185,527	2,364,933	6,472,768	719,964	7,192,732
2028	1,015,603	121,869	1,137,472	6,384,780	555,118	6,939,898
2029-2033	3,570,545	194,631	3,765,176	14,951,832	922,609	15,874,441
Total	\$ 43,931,583	2,363,805	46,295,388	\$ 62,430,180	5,848,782	68,278,962

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 \$48.2 million for fiscal year 2023 was funded with \$30.0 million of County general obligation bond proceeds, bond premium credits, state aid and regional gasoline tax receipts. It is anticipated that the County's obligation for fiscal year 2024 will amount to \$48.6 million and be funded with \$43.0 million from County general obligation bond proceeds and \$5.6 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 2023, the County's obligation of approximately \$163.2 million for operating subsidies was funded with \$41.8 million of County funds and \$121.4 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2024 will amount to \$167.9 million and be funded with \$121.7 million of state aid and regional gasoline tax receipts provided through the NVTC and \$46.2 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 2023 contribution to the VRE was \$4.7 million.

3. 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 \$9.2 million for purchased capacity in fiscal year 2023 to fund its share of the construction and land acquisition costs. The Sewer System estimates its share of the remaining construction costs to be \$118.9 million, of which \$17.4 million is expected to be incurred in fiscal year 2023 and the remaining balance over fiscal years 2025 to 2032. In addition, the Sewer System made payments of \$11.8 million to ARE during fiscal year 2023 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 construction of new wet weather flow facilities. The Sewer System paid DC Water \$7.4 million for purchased capacity during fiscal year 2023 to fund its share of construction costs. The Sewer System estimates its share of the remaining construction costs to be \$211.0 million, of which \$20.8 million is expected to be incurred in fiscal year 2023 and the remaining balance over

fiscal years 2025 to 2032. In addition, the Sewer System made payments of \$18.0 million to DC Water during fiscal year 2023 for its share of the Blue Plains Plant's operating costs.

Upper Occoquan Sewage 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 \$14.8 million in fiscal year 2023 to pay its share of UOSA's operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2022 and 2021 (the most recent audited financial information available), is as follows:

	2022	2021
Total assets	\$ 516,740,870	545,139,317
Deferred outflows of resources	26,351,328	30,108,454
Total liabilities	(511,581,240)	(546,755,430)
Deferred inflows of resources	(11,399,652)	(1,214,477)
Net position	\$ 20,111,306	27,277,864
Operating revenues	\$ 31,886,427	32,486,897
Operating expenses	(59,694,039)	(62,531,610)
Nonoperating revenues, net	(4,323,085)	(4,852,451)
Capital contributions	24,964,139	21,107,329
Decrease in net position	\$ (7,166,558)	(13,789,835)
Total net position, beginning of year	27,277,864	41,067,699
Total net position, end of year	\$ 20,111,306	27,277,864

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 3.0 MGD, which is 7.5 percent of the facility's total capacity of 40.0 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 \$0.6 million for purchased capacity in fiscal year 2023. The Sewer System estimates its share of the remaining construction costs to be \$13.6 million, of which \$3.2 million is expected to be incurred in fiscal year 2023 and the remaining balance over fiscal years 2025 to 2032. In addition, the Sewer System made payments of \$2.4 million for contractual services to

Arlington during fiscal year 2023 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 11.0 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 2023. 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 2024.

4. Long-term Contracts

At June 30, 2023, the Primary Government had contractual commitments of \$246,557,242 in the capital projects funds and \$62,915,406 in the Sewer System for the construction of various sewer projects. At June 30, 2023, the component units had contractual commitments of \$182,648,245 and \$7,345,425 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 2023 the County implemented the following GASB Standards:

No. 96, Subscription-Based Information Technology Arrangements

This Statement establishes standards of accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs). Information related to the County's adoption of this Statement can be found in Note J-13 to the financial statements

The implementation of the following standards did not have a material impact on the County's financial statements.

No. 91, Conduit Debt Obligations

This Statement eliminates an existing option for issuers to report conduit debt obligations as their own liabilities and is intended to eliminate diversity in practice associated with reporting and disclosure of information

No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

This Statement establishes definitions of public-private and public-public partnership arrangements (PPPs) and financial reporting for availability payment arrangements (APAs). Also providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The required disclosures are intended to allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs and APAs.

No. 99, Omnibus 2022

This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The requirements related to leases, PPPs, and SBITAs are effective for fiscal year 2023.



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, 2023

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,293,797,682	4,343,607,071	4,388,203,709	44,596,638
Permits, privilege fees, and regulatory licenses	10,768,187	9,404,120	9,839,241	435,121
Intergovernmental	355,246,108	359,568,620	365,971,495	6,402,875
Charges for services	58,506,226	59,083,001	62,976,188	3,893,187
Fines and forfeitures	8,166,007	7,275,494	7,873,896	598,402
Revenue from the use of money and property	22,334,209	104,286,843	118,639,690	14,352,847
Recovered costs	17,014,267	17,497,470	19,823,364	2,325,894
Total revenues	4,765,832,686	4,900,722,619	4,973,327,583	72,604,964
EXPENDITURES				
General government administration	143,997,512	152,415,768	140,089,880	12,325,888
Judicial administration	49,315,231	53,933,971	51,309,539	2,624,432
Public safety	569,657,905	585,857,518	563,439,294	22,418,224
Public works	79,135,160	90,740,310	78,426,674	12,313,636
Health and welfare	338,334,820	350,371,689	308,047,188	42,324,501
Community development	67,882,974	75,964,042	66,653,244	9,310,798
Parks, recreation, and cultural	62,694,886	65,209,299	63,979,257	1,230,042
Nondepartmental	439,175,466	632,583,720	485,847,964	146,735,756
Total expenditures	1,750,193,954	2,007,076,317	1,757,793,040	249,283,277
Excess of revenues over expenditures	3,015,638,732	2,893,646,302	3,215,534,543	321,888,241
OTHER FINANCING SOURCES (USES)				
Transfers in from other primary government funds	9,712,936	19,712,936	19,712,936	-
Transfers out to other primary government funds	(732,930,069)	(972,807,667)	(972,807,667)	-
Transfers out to component units	(2,290,910,924)	(2,317,619,236)	(2,317,619,236)	-
Total other financing (uses), net	(3,014,128,057)	(3,270,713,967)	(3,270,713,967)	-
Net change in fund balance	\$ 1,510,675	(377,067,665)	(55,179,424)	321,888,241

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	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	\$ 119,242	108,644	103,313	99,759	96,662
Interest	422,967	427,327	415,149	400,860	385,505
Changes in benefit terms	-	-	-	-	603
Differences between expected and actual experience	236,424	(43,616)	(5,461)	29,355	41,363
Changes of assumptions	-	233,720	-	-	-
Benefit payments, including refunds of member contributions	(371,807)	(357,332)	(343,616)	(329,517)	(300,641)
Net change in total pension liability	406,826	368,743	169,385	200,457	223,492
Total pension liability - beginning	6,329,809	5,961,066	5,791,681	5,591,224	5,367,732
Total pension liability - ending	\$ 6,736,635	6,329,809	5,961,066	5,791,681	5,591,224
Plan Fiduciary Net Position					
Contributions - employer	\$ 229,114	227,846	234,743	210,964	188,578
Contributions - member	40,269	39,914	40,327	37,916	36,358
Net investment income	(184,212)	1,096,260	111,442	243,546	269,418
Benefit payments, including refunds of member contributions	(371,807)	(357,332)	(343,616)	(329,517)	(300,641)
Administrative expense	(2,477)	(2,519)	(2,471)	(2,198)	(2,171)
Net change in plan fiduciary net position	(289,113)	1,004,169	40,425	160,711	191,542
Plan fiduciary net position - beginning	5,146,232	4,142,063	4,101,638	3,940,927	3,749,385
Plan fiduciary net position - ending	\$ 4,857,119	5,146,232	4,142,063	4,101,638	3,940,927
Net pension liability - ending	\$ 1,879,516	1,183,577	1,819,003	1,690,043	1,650,297
Plan fiduciary net position as a percentage of the total pension liability	72.10 %	81.30 %	69.49 %	70.82 %	70.48 %
Covered payroll	\$ 793,331	803,691	828,020	777,319	745,664
Net pension liability as a percentage of covered payroll	236.91 %	147.27 %	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	
93,128	85,499	84,154	84,075	Total Pension Liability
367,586	361,074	353,622	340,920	Service cost
582	773	1,463	-	Interest
				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	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	\$ 35,635	32,981	32,944	31,993	30,744
Interest	134,451	133,441	128,461	123,663	118,405
Differences between expected and actual experience	109,416	20,396	(5,785)	(7,959)	1,315
Changes of assumptions	-	55,913	-	-	-
Benefit payments, including refunds of member contributions	(98,631)	(89,580)	(84,449)	(80,576)	(77,838)
Net change in total pension liability	180,871	153,151	71,171	67,121	72,626
Total pension liability - beginning	2,004,738	1,851,587	1,780,416	1,713,295	1,640,669
Total pension liability - ending	\$ 2,185,609	2,004,738	1,851,587	1,780,416	1,713,295
Plan Fiduciary Net Position					
Contributions - employer	\$ 52,066	50,348	50,781	47,183	44,505
Contributions - member	10,242	14,688	10,570	10,177	9,896
Net investment income	15,536	432,834	(59,355)	71,578	94,135
Benefit payments, including refunds of member contributions	(98,631)	(89,580)	(84,449)	(80,576)	(77,838)
Administrative expense	(664)	(666)	(656)	(611)	(619)
Net change in plan fiduciary net position	(21,451)	407,624	(83,109)	47,751	70,079
Plan fiduciary net position - beginning	1,808,189	1,400,565	1,483,674	1,435,923	1,365,844
Plan fiduciary net position - ending	\$ 1,786,738	1,808,189	1,400,565	1,483,674	1,435,923
Net pension liability - ending	\$ 398,871	196,549	451,022	296,742	277,372
Plan fiduciary net position as a percentage of the total pension liability	81.75 %	90.20 %	75.64 %	83.33 %	83.81 %
Covered payroll	\$ 113,089	121,029	122,071	117,663	114,173
Net pension liability as a percentage of covered payroll	352.71 %	162.40 %	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
1,560,516	1,510,917	1,453,060	1,381,997	Total pension liability - beginning
1,640,669	1,560,516	1,510,917	1,453,060	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
1,270,389	1,280,915	1,260,757	1,102,522	Plan fiduciary net position - beginning
1,365,844	1,270,389	1,280,915	1,260,757	Plan fiduciary net position - ending
274,825	290,127	230,002	192,303	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	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	\$ 44,932	45,463	43,435	43,537	42,115
Interest	163,743	165,370	159,360	153,521	147,114
Changes in benefit terms	-	-	-	-	956
Differences between expected and actual experience	136,998	(4,253)	(6,625)	(7,935)	(1,128)
Changes of assumptions	-	60,742	-	-	-
Benefit payments, including refunds of member contributions	(124,617)	(119,190)	(111,543)	(105,543)	(96,896)
Net change in total pension liability	221,056	148,132	84,627	83,580	92,161
Total pension liability - beginning	2,442,189	2,294,057	2,209,430	2,125,850	2,033,689
Total pension liability - ending	<u>\$ 2,663,245</u>	<u>2,442,189</u>	<u>2,294,057</u>	<u>2,209,430</u>	<u>2,125,850</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 65,793	69,464	69,931	69,246	67,895
Contributions - member	12,071	12,980	12,810	12,605	12,262
Net investment income	(193,071)	440,347	(22,161)	78,142	131,997
Benefit payments, including refunds of member contributions	(124,617)	(119,190)	(111,543)	(105,543)	(96,896)
Administrative expense	(665)	(678)	(667)	(620)	(618)
Net change in plan fiduciary net position	(240,489)	402,923	(51,630)	53,830	114,640
Plan fiduciary net position - beginning	2,165,026	1,762,103	1,813,733	1,759,903	1,645,263
Plan fiduciary net position - ending	<u>\$ 1,924,537</u>	<u>2,165,026</u>	<u>1,762,103</u>	<u>1,813,733</u>	<u>1,759,903</u>
Net pension liability - ending	<u>\$ 738,708</u>	<u>277,163</u>	<u>531,954</u>	<u>395,697</u>	<u>365,947</u>
Plan fiduciary net position as a percentage of the total pension liability	72.26 %	88.65 %	76.81 %	82.09 %	82.79 %
Covered payroll	\$ 167,370	178,847	180,049	178,285	174,808
Net pension liability as a percentage of covered payroll	441.36 %	154.97 %	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
				Differences between expected and actual experience
6,048	(54,054)	11,019	-	Changes of assumptions
-	20,479	-	-	Benefit payments, including refunds of member contributions
(93,609)	(90,536)	(84,849)	(78,918)	
93,232	56,782	102,544	86,390	Net change in total pension liability
1,940,457	1,883,675	1,781,131	1,694,741	Total pension liability - beginning
2,033,689	1,940,457	1,883,675	1,781,131	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
				Benefit payments, including refunds of member contributions
(93,609)	(90,536)	(84,849)	(78,917)	Administrative expense
(477)	(500)	(455)	(434)	
146,561	(26,915)	8,897	197,906	Net change in plan fiduciary net position
1,498,702	1,525,617	1,516,720	1,318,814	Plan fiduciary net position - beginning
1,645,263	1,498,702	1,525,617	1,516,720	Plan fiduciary net position - ending
388,426	441,755	358,058	264,411	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	2023	2022	2021	2020
Total Pension Liability				
Service cost	\$ 92,063	91,770	92,719	90,633
Interest	268,463	253,330	243,579	231,477
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(5,133)	29,759	(12,696)	27,727
Changes of assumptions	133,042	(17,342)	-	-
Benefit payments, including refunds of member contributions	(198,655)	(191,266)	(185,986)	(181,932)
Net change in total pension liability	289,780	166,251	137,616	167,905
Total pension liability - beginning	3,710,208	3,543,957	3,406,341	3,238,436
Total pension liability - ending	\$ 3,999,988	3,710,208	3,543,957	3,406,341
Plan Fiduciary Net Position				
Contributions - employer	\$ 111,119	104,784	104,741	96,983
Contributions - member	50,017	48,934	49,096	46,645
Net investment income	(232,237)	720,739	108,472	117,728
Benefit payments, including refunds of member contributions	(198,655)	(191,266)	(185,986)	(181,932)
Administrative expense	(4,481)	(4,423)	(4,381)	(4,262)
Net change in plan fiduciary net position	(274,237)	678,768	71,942	75,162
Plan fiduciary net position - beginning	3,272,147	2,593,384	2,521,442	2,446,280
Plan fiduciary net position - ending	\$ 2,997,910	3,272,152	2,593,384	2,521,442
Net pension liability - ending	\$ 1,002,078	438,056	950,573	884,899
Plan fiduciary net position as a percentage of the total pension liability	74.95 %	88.19 %	73.18 %	74.02 %
Covered payroll	\$ 1,658,499	1,627,086	1,626,417	1,549,248
Net pension liability as a percentage of covered payroll	60.43 %	26.92 %	58.45 %	57.12 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

** Restated from prior year to reflect measurement date presentation.

See accompanying notes to required supplementary information.

2019	2018	2017	2016 **	2015 **	
					Total Pension Liability
88,599	78,926	77,761	77,494	75,788	Service cost
221,107	209,516	205,720	198,939	192,724	Interest
-	(1,039)	-	-	-	Changes in benefit terms
12,141	19,857	(11,012)	(17,051)	(19,052)	Differences between expected and actual experience
-	23,334	45,752	-	-	Changes of assumptions
(177,720)	(173,386)	(170,348)	(167,843)	(167,050)	Benefit payments, including refunds of member contributions
144,127	157,208	147,873	91,539	82,410	Net change in total pension liability
3,094,309	2,937,101	2,789,228	2,697,689	2,615,279	Total pension liability - beginning
3,238,436	3,094,309	2,937,101	2,789,228	2,697,689	Total pension liability - ending
					Plan Fiduciary Net Position
91,705	80,094	76,600	74,324	74,174	Contributions - employer
44,169	43,063	41,384	39,983	40,018	Contributions - member
188,145	250,982	(15,767)	32,084	304,641	Net investment income
(177,720)	(173,386)	(170,348)	(167,842)	(167,050)	Benefit payments, including refunds of member contributions
(4,300)	(4,060)	(4,005)	(3,752)	(3,629)	Administrative expense
141,999	196,693	(72,136)	(25,203)	248,154	Net change in plan fiduciary net position
2,304,281	2,107,588	2,179,724	2,204,927	1,956,773	Plan fiduciary net position - beginning
2,446,280	2,304,281	2,107,588	2,179,724	2,204,927	Plan fiduciary net position - ending
792,156	790,028	829,513	609,504	492,762	Net pension liability - ending
75.54 %	74.47 %	71.76 %	78.15 %	81.73 %	Plan fiduciary net position as a percentage of the total pension liability
1,469,629	1,430,260	1,374,735	1,328,420	1,328,420	Covered payroll
53.90 %	55.24 %	60.34 %	45.88 %	37.09 %	Net pension liability as a percentage of covered payroll

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	2023	2022	2021	2020
Employees' Retirement System:				
Total pension liability	\$ 6,736,636	6,329,809	5,961,066	5,791,681
Pension plan's fiduciary net position	4,857,120	5,146,232	4,142,063	4,101,638
Net pension liability	\$ 1,879,516	1,183,577	1,819,003	1,690,043
Plan fiduciary net position as a percentage of the total pension liability	72.10 %	81.30 %	69.49 %	70.82 %
Covered payroll	\$ 793,331	803,691	828,020	777,319
Net pension liability as a percentage of covered payroll	236.91 %	147.27 %	219.68 %	217.42 %
Police Officers Retirement System:				
Total pension liability	\$ 2,185,609	2,004,738	1,851,587	1,780,416
Pension plan's fiduciary net position	1,786,738	1,808,189	1,400,565	1,483,674
Net pension liability	\$ 398,871	196,549	451,022	296,742
Plan fiduciary net position as a percentage of the total pension liability	81.75 %	90.20 %	75.64 %	83.33 %
Covered payroll	\$ 113,089	121,029	122,071	117,663
Net pension liability as a percentage of covered payroll	352.71 %	162.40 %	369.48 %	252.20 %
Uniformed Retirement System:				
Total pension liability	\$ 2,663,245	2,442,189	2,294,057	2,209,430
Pension plan's fiduciary net position	1,924,537	2,165,026	1,762,103	1,813,733
Net pension liability	\$ 738,708	277,163	531,954	395,697
Plan fiduciary net position as a percentage of the total pension liability	72.26 %	88.65 %	76.81 %	82.09 %
Covered payroll	\$ 167,370	178,847	180,049	178,285
Net pension liability as a percentage of covered payroll	441.36 %	154.97 %	295.45 %	221.95 %
Educational Employees' Supplementary Retirement System				
Total pension liability	\$ 3,999,988	3,710,208	3,543,957	3,406,341
Pension plan's fiduciary net position	2,997,910	3,272,152	2,593,384	2,521,442
Net pension liability	\$ 1,002,078	438,056	950,573	884,899
Plan fiduciary net position as a percentage of the total pension liability	74.95 %	88.19 %	73.18 %	74.02 %
Covered payroll	\$ 1,658,499	1,627,086	1,626,417	1,549,248
Net pension liability as a percentage of covered payroll	60.42 %	26.92 %	58.45 %	57.12 %

* 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.

2019	2018	2017	2016	2015	
5,591,224	5,367,732	5,116,416	4,979,660	4,807,874	Employees' Retirement System:
3,940,927	3,749,385	3,590,081	3,693,357	3,766,060	Total pension liability
1,650,297	1,618,347	1,526,335	1,286,303	1,041,814	Pension plan's fiduciary net position
					Net pension liability
70.48 %	69.85 %	70.17 %	74.17 %	78.33 %	Plan fiduciary net position as a percentage of the total pension liability
745,664	730,618	708,415	686,289	671,597	Covered payroll
221.32 %	221.50 %	215.46 %	187.43 %	155.12 %	Net pension liability as a percentage of covered payroll
1,713,295	1,640,669	1,560,516	1,510,917	1,453,060	Police Officers Retirement System:
1,435,923	1,365,844	1,270,389	1,280,915	1,260,757	Total pension liability
277,372	274,825	290,127	230,002	192,303	Pension plan's fiduciary net position
					Net pension liability
83.81 %	83.25 %	81.41 %	84.78 %	86.77 %	Plan fiduciary net position as a percentage of the total pension liability
114,173	111,291	107,022	102,844	100,912	Covered payroll
242.94 %	246.94 %	271.09 %	223.64 %	190.57 %	Net pension liability as a percentage of covered payroll
2,125,850	2,033,689	1,940,457	1,883,675	1,781,131	Uniformed Retirement System:
1,759,903	1,645,263	1,498,702	1,525,617	1,516,720	Total pension liability
365,947	388,426	441,755	358,058	264,411	Pension plan's fiduciary net position
					Net pension liability
82.79 %	80.90 %	77.23 %	80.99 %	85.15 %	Plan fiduciary net position as a percentage of the total pension liability
174,808	173,604	168,808	160,762	153,979	Covered payroll
209.34 %	223.74 %	261.69 %	222.73 %	171.72 %	Net pension liability as a percentage of covered payroll
3,238,436	3,094,309	2,937,101	2,789,228	2,697,689	Educational Employees' Supplementary Retirement System
2,446,280	2,304,281	2,107,588	2,179,724	2,204,927	Total pension liability
792,156	790,028	829,513	609,504	492,762	Pension plan's fiduciary net position
					Net pension liability
75.54 %	74.47 %	71.76 %	78.15 %	81.73 %	Plan fiduciary net position as a percentage of the total pension liability
1,469,629	1,430,260	1,374,735	1,328,420	1,328,420	Covered payroll
53.90 %	55.24 %	60.34 %	45.88 %	37.09 %	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)

	2023	2022	2021	2020	2019
Employees' Retirement Systems:					
Actuarial Determined Contribution	\$ 266,536	229,114	227,846	234,744	210,964
Contributions in Relations to the					
Actuarial Determined Contribution	266,536	229,114	227,846	234,744	210,964
Contribution (Deficiency) Excess	\$ -	-	-	-	-
Covered Payroll	\$ 922,908	793,331	803,691	828,021	777,319
Contributions as a Percentage of					
Covered Payroll	28.88%	28.88%	28.35%	28.35%	27.14%
Police Officers Retirement System:					
Actuarial Determined Contribution	\$ 57,592	52,066	50,348	50,781	47,183
Contributions in Relations to the					
Actuarial Determined Contribution	57,592	52,066	50,348	50,781	47,183
Contribution (Deficiency) Excess	\$ -	-	-	-	-
Covered Payroll	\$ 125,092	113,089	121,029	122,071	117,663
Contributions as a Percentage of					
Covered Payroll	46.04%	46.04%	41.60%	41.60%	40.10%
Uniformed Retirement System:					
Actuarial Determined Contribution	\$ 74,989	65,793	69,464	69,931	69,246
Contributions in Relations to the					
Actuarial Determined Contribution	74,989	65,793	69,464	69,931	69,246
Contribution (Deficiency) Excess	\$ -	-	-	-	-
Covered Payroll	\$ 190,764	167,370	178,847	180,049	178,285
Contributions as a Percentage of					
Covered Payroll	39.31%	39.31%	38.84%	38.84%	38.84%
Educational Employees' Supplementary Retirement System:					
Actuarial Determined Contribution	\$ 117,156	111,119	104,784	104,741	96,983
Contributions in Relations to the					
Actuarial Determined Contribution	117,156	111,119	104,784	104,741	96,983
Contribution (Deficiency) Excess	\$ -	-	-	-	-
Covered Payroll	\$ 1,748,597	1,658,499	1,627,086	1,626,417	1,549,248
Contributions as a Percentage of					
Covered Payroll	6.70%	6.70%	6.44%	6.44%	6.26%

See accompanying notes to required supplementary information.

2018	2017	2016	2015	2014	
188,578	167,312	155,780	138,493	129,618	Employees' Retirement Systems:
188,578	167,312	155,780	138,493	129,618	Actuarial Determined Contribution
-	-	-	-	-	Contributions in Relations to the
					Actuarial Determined Contribution
					Contribution (Deficiency) Excess
745,664	730,618	708,415	686,289	671,597	Covered Payroll
25.29%	22.90%	21.99%	20.18%	19.30%	Contributions as a Percentage of
					Covered Payroll
44,505	43,381	40,647	37,867	34,179	Police Officers Retirement System:
44,505	43,381	40,647	37,867	34,179	Actuarial Determined Contribution
-	-	-	-	-	Contributions in Relations to the
					Actuarial Determined Contribution
					Contribution (Deficiency) Excess
114,173	111,291	107,022	102,844	100,912	Covered Payroll
38.98%	38.98%	37.98%	36.82%	33.87%	Contributions as a Percentage of
					Covered Payroll
67,895	67,410	65,548	60,929	56,095	Uniformed Retirement System:
67,895	67,410	65,548	60,929	56,095	Actuarial Determined Contribution
-	-	-	-	-	Contributions in Relations to the
					Actuarial Determined Contribution
					Contribution (Deficiency) Excess
174,853	173,604	168,808	160,762	153,979	Covered Payroll
38.83%	38.83%	38.83%	37.90%	36.43%	Contributions as a Percentage of
					Covered Payroll
93,543	80,305	76,070	74,791	72,749	Educational Employees'
91,705	80,146	76,600	74,324	74,174	Supplementary Retirement System:
(1,838)	(159)	530	(467)	1,425	Actuarial Determined Contribution
					Contributions in Relations to the
					Actuarial Determined Contribution
					Contribution (Deficiency) Excess
1,469,629	1,430,260	1,374,735	1,328,420	1,328,420	Covered Payroll
6.24%	5.60%	5.57%	5.59%	5.58%	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
2023	17.79%	\$ 1,694,052	\$ 1,657,850	102.18%	82.61%
2022	18.40%	1,428,168	1,626,372	87.81%	85.46%
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
2023	\$ 290,478	\$ 290,478	\$ -	\$ 1,747,762	16.62 %
2022	275,535	275,535	-	1,657,850	16.62
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 (Asset) Liability and Related Ratios*

Last Ten Fiscal Years **

(Dollar amounts in thousands)

	Fiscal Year		
	2023	2022	2021
Total OPEB Liability			
Service Cost	\$ 9,938	13,532	11,679
Interest	27,277	26,912	24,392
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experiences	(11,092)	36,029	21,576
Changes of Assumptions	(27,951)	(45,521)	(791)
Benefit Payments	(22,127)	(22,146)	(23,252)
Net Change in Total OPEB Liability	(23,955)	8,806	33,604
Total OPEB Liability (Beginning)	390,616	381,810	348,206
Total OPEB Liability (Ending)	\$ 366,661	390,616	381,810
Plan Fiduciary Net Position			
Contributions—Employer	\$ 15,372	19,004	18,072
Net Investment Income	28,318	(38,248)	98,443
Benefit Payments	(22,127)	(22,146)	(23,252)
Administrative Expense	(140)	(132)	(131)
Net Change in Plan Fiduciary Net Position	21,423	(41,522)	93,132
Plan Fiduciary Net Position (Beginning)	382,375	423,897	330,765
Plan Fiduciary Net Position (Ending)	\$ 403,798	382,375	423,897
Net OPEB (Asset) Liability (Ending)	\$ (37,137)	8,241	(42,087)
Net Position as a Percentage of the Total OPEB Liability	110.13%	97.89%	111.02%
Covered-Employee Payroll	\$ 1,075,607	1,027,575	1,027,104
Net OPEB Liability as a Percentage of Covered-Employee Payroll	(3.45%)	0.80%	(4.10)%

* 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 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.

Ending June 30				
2020	2019	2018	2017	
				Total OPEB Liability
15,608	13,994	9,987	7,582	Service Cost
33,195	28,235	22,517	23,024	Interest
-	-	(387)	-	Changes of Benefit Terms
(1,518)	17,956	(10,412)	3,389	Differences Between Expected and Actual Experiences
(145,858)	32,078	78,188	(22,671)	Changes of Assumptions
(23,254)	(22,798)	(21,670)	(20,278)	Benefit Payments
(121,827)	69,465	78,223	(8,954)	Net Change in Total OPEB Liability
470,033	400,568	322,345	331,299	Total OPEB Liability (Beginning)
348,206	470,033	400,568	322,345	Total OPEB Liability (Ending)
				Plan Fiduciary Net Position
19,677	25,659	24,367	27,992	Contributions—Employer
9,633	13,837	26,160	30,711	Net Investment Income
(23,254)	(22,827)	(21,670)	(20,278)	Benefit Payments
(131)	(127)	(123)	(118)	Administrative Expense
5,925	16,542	28,734	38,307	Net Change in Plan Fiduciary Net Position
324,840	308,298	279,564	241,257	Plan Fiduciary Net Position (Beginning)
330,765	324,840	308,298	279,564	Plan Fiduciary Net Position (Ending)
17,441	145,193	92,270	42,781	Net OPEB (Asset) Liability (Ending)
94.99%	69.11%	76.96%	86.73%	Net Position as a Percentage of the Total OPEB Liability
961,557	932,764	911,923	908,162	Covered-Employee Payroll
1.81%	15.57%	10.11%	4.71%	Net OPEB Liability as a Percentage of Covered-Employee Payroll

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
2023	\$ 9,276	\$ 15,372	\$ (6,096)	\$ 1,075,607	1.43%
2022	11,873	19,004	(7,131)	1,027,575	1.85%
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
2023	6.72%
2022	(8.19)%
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	2023	2022	2021
Total OPEB Liability			
Service cost	\$ 3,623	4,150	3,878
Interest	17,048	15,413	15,321
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(7,539)	33,747	(6,731)
Changes of assumptions	-	(18,881)	(999)
Benefit payments, including refunds of member contributions	(10,536)	(10,528)	(10,349)
Net change in total OPEB liability	2,596	23,901	1,120
Total OPEB liability - beginning	245,104	221,203	220,083
Total OPEB liability - ending	<u>\$ 247,700</u>	<u>245,104</u>	<u>221,203</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 15,536	15,528	15,349
Net investment income	14,986	(19,692)	47,507
Benefit payments, including refunds of member contributions	(10,536)	(10,528)	(10,349)
Administrative expense	(100)	(121)	(101)
Net change in plan fiduciary net position	19,886	(14,813)	52,406
Plan fiduciary net position - beginning	193,562	208,375	155,969
Plan fiduciary net position - ending	<u>\$ 213,448</u>	<u>193,562</u>	<u>208,375</u>
Net OPEB liability - ending	<u>\$ 34,252</u>	<u>51,542</u>	<u>12,828</u>
Plan fiduciary net position as a percentage of the total OPEB liability	86.17 %	78.97 %	94.20 %
Covered employee payroll	1,862,772	1,765,660	1,750,085
Net OPEB liability as a percentage of covered employee payroll	1.84 %	2.92 %	0.73 %

* This 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.

2020	2019	2018	2017	ACFR Reporting Year Measurement Date June 30 of prior year
Total OPEB Liability				
5,046	5,221	8,320	N/A	Service cost
12,378	17,157	29,187	N/A	Interest
-	(39,067)	-	N/A	Changes of benefit terms
58,670	(24,768)	33,884	N/A	Differences between expected and actual experience
(15,662)	-	(170,068)	N/A	Changes of assumptions
(23,875)	(29,287)	(54,806)	N/A	Benefit payments, including refunds of member contributions
36,557	(70,744)	(153,483)	N/A	Net change in total OPEB liability
183,526	254,270	407,753	N/A	Total OPEB liability - beginning
220,083	183,526	254,270	407,753	Total OPEB liability - ending
Plan Fiduciary Net Position				
28,875	34,287	59,806	22,404	Contributions - employer
4,561	6,423	11,565	13,289	Net investment income
(23,875)	(29,287)	(54,806)	(17,404)	Benefit payments, including refunds of member contributions
(101)	(89)	(87)	(84)	Administrative expense
9,460	11,334	16,478	18,205	Net change in plan fiduciary net position
146,509	135,175	118,697	100,492	Plan fiduciary net position - beginning
155,969	146,509	135,175	118,697	Plan fiduciary net position - ending
64,114	37,017	119,095	289,056	Net OPEB liability - ending
70.87 %	79.83 %	53.16 %	29.11 %	Plan fiduciary net position as a percentage of the total OPEB liability
1,699,112	1,393,959	1,340,335	1,256,877	Covered employee payroll
3.77 %	2.66 %	8.89 %	23.00 %	Net OPEB liability as a percentage of covered employee payroll

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
2023	17.79%	\$ 222,176	\$ 1,657,839	13.40%	15.08%
2022	18.39%	236,047	1,626,394	14.51%	13.15%
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.

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
2023	7.67%	\$ 92,296	\$ 1,667,366	5.54%	67.21%
2022	7.94%	92,481	1,639,978	5.64%	67.45%
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
2023	\$ 10,537	\$ 15,537	\$ (5,000)	\$ 1,862,772	0.83%
2022	10,528	15,528	(5,000)	1,765,660	0.88%
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 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
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
2023	\$ 21,153	\$ 21,153	\$ -	\$ 1,748,142	1.2%
2022	20,060	20,060	-	1,657,839	1.2%
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%

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 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
2023	\$ 9,503	\$ 9,503	\$ -	\$ 1,759,898	0.5%
2022	9,004	9,004	-	1,667,366	0.5%
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%

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
2023	7.66%
2022	(9.36)%
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, 2023

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.

- 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)	\$ (55,179,424)
Basis difference - Revenue from investments	
Timing difference - Goods/Invoice Receipt	(6,125)
Basis difference - Appropriated reserve fund balance deferral	68,346,206
Perspective differences:	
The Gift Fund is treated as an custodial fund for budget purposes	(6,886)
The Northern Virginia Regional Identification System (NOVARIS) is treated as a separate fund for budget purposes	13,055
The Revenue Stabilization Fund is treated as a separate fund for budget purposes	25,230,463
The Economic Opportunity Reserve Fund is treated as separate fund for budget purposes	4,325,334
The Consolidated Community Funding Pool Fund is treated as a separate fund for budget purposes	398,493
The Contributory Fund is treated as a separate fund for budget purposes	(14,907)
The Information Technology Fund is treated as a separate fund for budget purposes	455,197
Excess (deficiency) of revenues and other financing sources over (under)	
Net change in fund balance (GAAP basis)	\$ 43,561,406

- 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.

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:

Discount rate, net of plan investment expenses	6.75%
Inflation	2.25%
Salary increases, including inflation	2.25% + merit
Investment rate of return, net of plan investment expenses	6.75%
Mortality	Healthy and Disabled Mortality Table PubG-2010 & PubS-2010 projected using the MP-2020 model

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-2021, sex-distinct. Disabled mortality table Pub-2010, "General" classification, Disabled Retirement mortality table, projected using scale MP-2021, sex distinct.
Healthcare cost trend rate	6.7% - 11.9%, decreasing to 4.5%

Disclosures associated with the County reporting of OPEB and OPEB Plan reporting are found in Note H to the financial statements.



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APPENDIX C

SUMMARY OF CERTAIN DOCUMENTS PROVISIONS

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SUMMARY OF CERTAIN DOCUMENTS PROVISIONS

The following is a summary of certain provisions of the Trust Agreement and the Installment Purchase Contract not otherwise summarized in the forepart of this Official Statement. Reference is made to the respective sections in the applicable documents that contain a complete recitation of such provisions.

DEFINITIONS

The following are definitions of certain terms used in the Trust Agreement and the Installment Purchase Contract and not otherwise defined in this Official Statement:

“Accountant” means a firm of independent certified public accountants, verification agents or other financial consultants experienced in the calculation of Rebate Liability and so designated by an EDA Representative.

“Additional Bonds” means any Bonds issued under the Trust Agreement to pay the Cost of Construction of the Project in excess of the sum of the proceeds of the Series 2024 Bonds, any Additional Bonds theretofore issued and the investment income thereon available for the purpose.

“Additional Payments” means the Additional Payments that the County has agreed to make under the Installment Purchase Contract for all other amounts (other than Basic Payments) payable by the County to EDA relating to the Series 2024 Bonds.

“Authorized Denomination” means in the case of the Series 2024 Bonds, \$5,000 principal amount or any whole multiple thereof.

“Basic Payments” means the Basic Payments the County has agreed to make under the Installment Purchase Contract sufficient to pay the principal of and interest on the Series 2024 Bonds and any Additional Bonds and Refunding Bonds.

“Board of Supervisors” means the Board of Supervisors of Fairfax County, Virginia.

“Bond Registrar” means the Bond Registrar at the time serving as such under the Trust Agreement and performing the duties set forth therein and in the applicable Supplemental Trust Agreement, whether the original or a successor Bond Registrar.

“Bond Resolution” means the resolution adopted by EDA on October 9, 2023, authorizing the issuance of the Series 2023 Bonds to provide short-term interim financing for the Project and long-term Bonds to refinance the Series 2023 Bonds.

“Bond Year” means the period commencing on the second day of July of any calendar year and ending on the first day of July of the following calendar year or such other annual period commencing and ending on the dates specified in a Supplemental Trust Agreement.

“Bonds” means, after the issuance of the Series 2024 Bonds, the Series 2024 Bonds and any Additional Bonds and Refunding Bonds.

“Business Day” means any day on which the New York Stock Exchange is open, other than a Saturday or Sunday and other than a day on which commercial banks (including the Trustee, the Bond

Registrar, and any Paying Agent) are authorized to close in Fairfax County, Virginia, or in New York, New York.

“Chairman” means the Chairman or Vice Chairman of the Commission or any person succeeding to the principal functions thereof or temporarily designated by the Board to serve *pro tempore* as the Chairman.

“Commission” means the governing body of EDA or any successor entity assuming the functions thereof.

“Construction Subfund” means the Tysons Community Center Project Construction Subfund created and so designated by the Trust Agreement.

“Contract” or “Installment Purchase Contract” means the Installment Purchase Contract, dated as of November 1, 2023, by and between the County and EDA, as supplemented in connection with the issuance of the Series 2024 Bonds, relating to the Project, as the same may be supplemented and amended as permitted by the Trust Agreement.

“Cost” or “Cost of Construction,” as applied to the Project means, without intending thereby to limit or restrict any proper definition of such word under the Enabling Act, all items of cost set forth in the Trust Agreement, as described under the caption “– THE TRUST AGREEMENT – Cost” below.

“County Representative” means each of the persons at the time designated to act on behalf of the County in a written certificate furnished to EDA, the Trustee, any Paying Agent and the Bond Registrar, which certificate shall contain the specimen signatures of such persons and shall be signed on behalf of the County by the County Executive.

“County Resolution” means the resolution adopted by Board of Supervisors of the County on October 10, 2023, requesting EDA to authorize the issuance of the Series 2023 Bonds to provide short-term interim financing for the Project and long-term Bonds to refinance the Series 2023 Bonds.

“Debt Service Subfund” means the Tysons Community Center Debt Service Subfund created and so designated by the Trust Agreement.

“Default” means, (i) under the Contract, any condition or event that constitutes or would, after notice or lapse of time, or both, constitute an Event of Default (see “– THE INSTALLMENT PURCHASE CONTRACT – Events of Default” below), and (ii) under the Trust Agreement, any of the events described under the “– THE TRUST AGREEMENT – Events of Default” below.

“Defaulted Interest” means any interest on any Bond that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date.

“Defeasance Obligations” means Government Obligations.

“Deposit Day” means the last Business Day of each March and September (or for any Series of Bonds any other day that may be designated in a Supplemental Trust Agreement as a “Deposit Day”), on which day a deposit is required in order that the sum of the available money on deposit on the next Interest Payment Date or Interest Payment Date and Principal Payment Date shall be equal to the principal of and interest and redemption premium, if any, due and payable on the Bonds on such date.

“Due Date” means the last date on which payment is due on the Bonds without penalty, premium or interest.

“EDA” or “Authority” means the Fairfax County Economic Development Authority.

“EDA Liabilities” means all expenses and obligations of EDA under the Trust Agreement (other than the Bonds and the principal, interest and any redemption premiums thereon and amounts paid or provided for from the proceeds of the Bonds) including, without limitation, (i) Trust Agreement Expenses and (ii) any amount payable by EDA to the United States of America as Rebate Liability.

“EDA Representative” means each of the persons at the time designated to act on behalf of EDA in a written certificate furnished to the Trustee, any Paying Agent and the Bond Registrar, which certificate shall contain the specimen signatures of such persons and shall be executed on behalf of EDA by the Chairman.

“Effective Date” means the date of delivery of the Series 2024 Bonds (August 29, 2024).

“Enabling Act” means Chapter 643 of the 1964 Acts of the General Assembly of the Commonwealth of Virginia, as amended, and other applicable law.

“Engineer” means the one or more persons holding engineering positions in the County’s Department of Public Works and Environmental Services, or successor department, and so designated by a County Representative from time to time in a certificate filed with EDA and the Trustee, or an independent engineer or engineering firm if so designated by a County Representative.

“Event of Default” means with respect to the Trust Agreement any of the events described in this Appendix under “THE TRUST AGREEMENT – Events of Default,” and with respect to the Contract means any of those events described in this Appendix under “THE INSTALLMENT PURCHASE CONTRACT – Events of Default.”

“Event of Non-Appropriation” means the event described in this Appendix under “THE INSTALLMENT PURCHASE CONTRACT – Non-Appropriations.”

“First Supplemental Trust Agreement” means the First Supplemental Trust Agreement, dated as of August 1, 2024, between the Authority and the Trustee authorizing the Series 2024A Bonds.

“Fitch” means Fitch Ratings, Inc., its successors and assigns, and if Fitch Ratings, Inc., shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by EDA.

“Government Obligations” means direct obligations of, or obligations the timely payment of the principal of and the interest on which are fully and unconditionally guaranteed by, the United States of America, or evidences of indirect ownership of such obligations.

“Holder” means a person in whose name a Bond (or one or more Predecessor Bonds) is registered on the registration books provided for in the Trust Agreement.

“Improvement Subfund” means the Tysons Community Center Improvement Subfund so created and designated by the Trust Agreement.

“Interest” means interest on the Purchase Price of the Project. Such interest shall include interest at the same rates payable on the same dates as the interest and any redemption premium payable by EDA on the Bonds.

“Interest Payment Date” means, for purposes of the Series 2024 Bonds, each April 1 and October 1, beginning April 1, 2025.

“Interest Requirement” means, for any Bond Year, as applied to Bonds of a Series, the total of the sums that would be deemed to accrue on such Bonds during such Bond Year if the interest on the Bonds of such Series were deemed to accrue daily during such year in equal amounts; provided, however, that interest expense shall be excluded from the determination of Interest Requirement to the extent that such interest is to be paid from the proceeds of Bonds or from investment (but not reinvestment) thereof if such proceeds have been invested in Defeasance Obligations and to the extent such earnings may be determined precisely. If interest is not payable at a single numerical rate for the entire term of such Bonds, then “Interest Requirement” shall have the appropriate meaning assigned thereto by an applicable Supplemental Trust Agreement permitted by the Trust Agreement.

“Investment Obligations” means Government Obligations and, to the extent from time to time permitted by the laws of the Commonwealth, (A) the obligations of (i) Export-Import Bank, (ii) Government National Mortgage Association, (iii) Federal Housing Administration, (iv) Farmers Home Administration, (v) United States Postal Service, and (vi) any other agency or instrumentality of the United States of America, which obligations are backed by the full faith and credit of the United States of America; (B) the obligations of (i) Fannie Mae, (ii) Federal Intermediate Credit Banks, (iii) Federal Banks for Cooperatives, (iv) Federal Land Banks, (v) Federal Home Loan Banks, (vi) Federal Financing Bank, (vii) Federal Farm Credit System, and (viii) Federal Home Loan Mortgage Corporation; (C) obligations of state or local government bond issuers, provision for the payment of the principal of and interest on which shall have been made by deposit with an escrow agent or trustee of Government Obligations the principal of and interest on which when due will be sufficient to pay the principal of and interest on such state or local government obligations when due, which obligations have been rated by Moody’s, S&P and Fitch (or any two of the three if the third such rating agency does not provide a rating) in one of two highest rating categories (without regard to gradations such as “plus” or “minus” or numerical modifiers of such categories); (D) investments pursuant to the Government Non-Arbitrage Act, Chapter 47, Title 2.2, Code of Virginia, 1950, as amended; (E) certificates of deposit or time deposits of any bank, any branch of any bank, trust company or national banking association (including the Trustee, Bond Registrar, Paying Agent and their affiliates) that has a combined capital, surplus and undivided profits not less than \$50,000,000; provided, however, that such certificates of deposit or time deposits shall be fully secured to the extent not secured by the Federal Deposit Insurance Corporation, by Government Obligations or by obligations described in (A) or (C) above; (F) any repurchase agreement that is with (i) a bank or trust company (including any Trustee, Bond Registrar, Paying Agent and their affiliates) that has a combined capital, surplus and undivided profits not less than \$50,000,000, or (ii) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York for Government Obligations or obligations described in (A) and (B) above and having on the date of the repurchase agreement a fair market value equal to at least 102% of the amount of the repurchase obligation of the bank or trust company; provided, however, that such obligations purchased must be transferred to the Trustee or a third party agent by physical delivery or by an entry made on the records of the issuer of such obligations; (G) subject to the ratings requirements set forth below, shares in any money market mutual fund (including those of the Trustee or any of its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated “AAAm” by S&P or “Aaa” by Moody’s so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations, obligations in (A) and (B) above, and agreements to repurchase obligations in (A) or (B) above; and (H) any investment authorized by the Investment of Public Funds Act (Chapter 45,

Title 2.2, Code of Virginia, 1950, as amended). Any investment in a repurchase agreement shall be considered to mature on the date the bank or trust company providing the repurchase agreement is obligated to repurchase the Investment Obligations. Any investment in obligations described in (A), (B) and (C) above may be made in the form of an entry made on the records of the issuer of the particular obligation.

“Late Charge Rate” means the true interest cost rates on the Bonds plus one percent (1%).

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns, and, if Moody’s Investors Service, Inc., shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by EDA.

“Net Proceeds,” when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after the payment of all out-of-pocket expenses of the applicable parties incurred in the collection of such gross proceeds.

“Outstanding” means all Bonds that have been authenticated and delivered by the Bond Registrar under the Trust Agreement, except:

- (i) Bonds paid or redeemed or delivered to or acquired by the Bond Registrar for cancellation;
- (ii) Bonds for which the Bond Registrar or the Trustee or Paying Agent shall hold sufficient money or Defeasance Obligations the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest and redemption premium, if any, on such Bonds to their maturity date or dates or dates fixed for redemption pursuant to the Sinking Fund Requirements or to the date or dates fixed for their optional redemption; and
- (iii) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Trust Agreement;

provided, however, that in determining whether the Holders of the requisite principal amount of outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver under the Trust Agreement, Bonds owned by EDA or any other obligor upon the Bonds shall be disregarded and deemed not to be outstanding, except that, in determining whether the Bond Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds that the Bond Registrar knows to be so owned shall be so disregarded. Bonds so owned that have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Bond Registrar the pledgee’s right so to act with respect to such Bonds and that the pledgee is not EDA or any other obligor upon the Bonds.

“Paying Agent” means, for any Series of Bonds, the paying agent designated as such and performing the duties set forth in the Trust Agreement or an applicable Supplemental Trust Agreement providing for the issuance of such Bonds. U.S. Bank Trust Company, National Association, is the initial Paying Agent for the Series 2024 Bonds.

“Payments” means the amounts designated as Basic Payments or Additional Payments payable by the County to or for the account of the Authority pursuant to the Installment Purchase Contract.

“Permitted Encumbrances” has the meaning set forth in Exhibit B of the Contract.

“Pledged Revenues” for the Series 2024 Bonds means (a) all payments of Basic Payments, (b) all payments of Additional Payments except to the extent required to pay EDA Liabilities, (c) certain Net Proceeds, (d) any proceeds of use and occupancy or business interruption insurance paid to or for the account of EDA, and (e) the income from the investment under the provisions of the Trust Agreement of the money held for the credit of the various subfunds and accounts created under the Trust Agreement. Pledged Revenues shall not include the proceeds of any insurance, other than as mentioned above, or any capital gifts, grants, donations or contributions or borrowed funds. Any lump sum payment or prepayment received by the Trustee and not accompanied by instructions from the EDA Representative to the contrary shall be reserved by the Trustee in the Tysons Community Center Project Fund, disbursed to the Debt Service Subfund, and recognized as Pledged Revenues, semi-annually over the appropriate accrual period; provided, however, that if the EDA Representative shall direct, such lump sum payment or prepayment shall be applied to the redemption or defeasance of the Bonds in accordance with such direction.

“Predecessor Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond. For purposes of this definition, any Bond authenticated and delivered under the Trust Agreement in lieu of a mutilated, destroyed, stolen or lost Bond shall be deemed to evidence the same debt as the mutilated, destroyed, stolen or lost Bond.

“Principal and Interest Requirements” for any Bond Year means the sum of the Principal Requirement and the Interest Requirement for such year; provided, however, Principal Payment Date may mean, if so provided by a Supplemental Trust Agreement, such other date or dates as may be provided thereby or permitted therein.

“Principal Payment Date” means an October 1 upon which the principal of any Bond is stated to mature or upon which the principal of any Term Bond is subject to sinking fund redemption; provided, however, Principal Payment Date may mean, if so provided by a Supplemental Trust Agreement, such other date or dates as may be provided thereby or permitted therein.

“Principal Requirement” means, for any Series of Bonds and for any Bond Year, the sum of the principal scheduled to become due in such Bond Year whether at stated maturity or by mandatory sinking fund redemption.

“Project” means an approximately 30,000 square foot public community center to be located at Dominion Square (now known as The Exchange at Spring Hill Station) in Tysons, Virginia, and known as the Tysons Community Center on public lands within the County.

“Property” means the applicable portion of the parcel containing the Project, the Project and all other improvements at any time situated on the parcel specifically relating to the Project.

“Purchase Price” means an amount equal to the aggregate principal amount of the Bonds.

“Rebate Liability” means the amount or amounts periodically determined by an Accountant selected by an EDA Representative to be set aside in the Improvement Subfund and the amount or amounts to be paid to the United States of America pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended.

“Refunding Bonds” means the Bonds authorized by the Trust Agreement to refund Bonds or other indebtedness.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., its successors and assigns, and if S&P Global Ratings, a division of S&P Global Inc. shall for any reason no longer perform the functions

of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by EDA.

“Second Supplemental Trust Agreement” means the Second Supplemental Trust Agreement, dated as of August 1, 2024, between the Authority and the Trustee authorizing the Series 2024B Bonds.

“Serial Bonds” means the Bonds that are stated to mature in consecutive annual installments and that are so designated in the Trust Agreement or an applicable Supplemental Trust Agreement.

“Series” means Bonds identified as a separate series that are authenticated and delivered on original issuance and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Trust Agreement or an applicable Supplemental Trust Agreement.

“Sinking Fund Requirements” means, with respect to Term Bonds of each maturity, the principal amount fixed or computed for the retirement of such Term Bonds by purchase or redemption, as contemplated in the Trust Agreement or an applicable Supplemental Trust Agreement.

“State” or “Commonwealth” means the Commonwealth of Virginia.

“Supplemental Trust Agreement” means an amendment or supplement, executed by EDA and the Trustee, to the Trust Agreement, and in conformity with the provisions of the Trust Agreement, providing for the issuance of a Series of Additional Bonds or Refunding Bonds and setting forth the provisions and details thereof not inconsistent therewith including any amendments and supplements thereto permitted thereby and any other such agreement permitted by the Trust Agreement.

“Term” means the period of time commencing on the Effective Date and ending upon the Payment of the Bonds (as such term is defined in the Contract).

“Term Bonds” means all or some of the Bonds of a Series, other than Serial Bonds, stated to be payable by their terms on one or more dates and so designated in the Trust Agreement or in an applicable Supplemental Trust Agreement.

“Trust Agreement” means the Trust Agreement, dated as of November 1, 2023, between the Authority and the Trustee, as supplemented by the First Supplemental Trust Agreement and the Second Supplemental Trust Agreement, as supplemented and amended as permitted thereby.

“Trust Agreement Expenses” means those fees and expenses of the Trustee contemplated by the Trust Agreement and the fees and expenses of any Paying Agent and the Bond Registrar that shall be approved in writing by the EDA Representative.

“Trustee” means the trustee at the time acting as such under the Trust Agreement, whether the original or a successor trustee. As of the date of this Official Statement, U.S. Bank Trust Company, National Association, is the Trustee under the Trust Agreement.

“Tysons Community Center Project Fund” means the discrete enterprise fund of EDA created by the Trust Agreement.

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THE TRUST AGREEMENT

Granting Clause

EDA (a) assigns all rights, title and interest of EDA in and to the Contract, including, without limitation, its rights to receive Basic Payments and, to the extent required to pay EDA Liabilities, Additional Payments (reserving the rights of EDA to receive certain other Additional Payments and the rights to receive notices, reports and other statements to be given to EDA thereunder), and (b) pledges the Basic Payments and Additional Payments received pursuant to the Contract, all money and securities in the Debt Service Subfund and, until applied in payment of any Cost of Construction of the Project or otherwise applied as permitted under the Trust Agreement, all money and securities in the Construction Subfund to the Trustee, and to its successors and assigns.

Series 2024 Bonds, Additional Bonds and Refunding Bonds (Section 209)

The Series 2024 Bonds are issued as Refunding Bonds under the Trust Agreement.

Series of Additional Bonds and Refunding Bonds of EDA also may be issued from time to time under and secured by the Trust Agreement, subject to the conditions described under this caption, for the purpose of providing funds, with any other available funds, for (i) in the case of Additional Bonds, completing payment of the Cost of Construction of the Project and (ii) in the case of Refunding Bonds, refunding or paying at maturity all or any part of any Bonds then outstanding including the payment of any redemption premium thereon and interest that will accrue on such Bonds to the redemption date or stated maturity date or dates and any expenses in connection with such refunding. Before any such Series of Additional Bonds or Refunding Bonds shall be issued, EDA shall enter into a Supplemental Trust Agreement authorizing the issuance of such Bonds, fixing the amount and the details thereof and in the case of Refunding Bonds, describing the Bonds to be refunded. Such Additional Bonds or Refunding Bonds shall be appropriately designated, shall be dated, shall be stated to mature in such principal amount or amounts, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, may be secured by a credit facility, may be insured and may be made redeemable at such times and prices (subject to the provisions of the Trust Agreement), all as may be provided in the Supplemental Trust Agreement authorizing the issuance of such Series of Bonds. Except as to any credit facility or insurance policy, and as to any differences in the maturities or the rate or rates of interest or the provisions for redemption and except for such differences, if any, respecting the use of money in various accounts in the Debt Service Subfund, such Additional Bonds or Refunding Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Trust Agreement as all other Bonds theretofore or thereafter issued under the Trust Agreement.

Such Additional Bonds or Refunding Bonds shall be deposited with the Bond Registrar for authentication, but before such Bonds shall be delivered by the Bond Registrar, there shall be filed with the Bond Registrar the following:

- (a) an executed counterpart or a certified copy, of the Supplemental Trust Agreement entered into by EDA providing for the issuance of such Additional Bonds or Refunding Bonds, approving the sale of such Bonds, and directing the delivery of such Bonds to or upon payment of the purchase price therein set forth;
- (b) an executed counterpart, or a certified copy, of an amendment to the Contract required to reflect the issuance of the Additional Bonds or Refunding Bonds and adjustments of the Basic Payments;

(c) in the case of (i) Additional Bonds, a certificate of the Engineer to the effect that the proceeds of the Additional Bonds available for the purpose and any additional funds contributed by the County or other entity will be sufficient to complete payment of the Cost of Construction of the Project, taking into account the additional amount, in excess of the sum of the proceeds of the Series 2024 Bonds, available investment income derived therefrom and any capital contributions the County or other entity has made required in his or her estimation to complete and place in service the Project or (ii) Refunding Bonds, where more than 60 days will elapse between the delivery of the Refunding Bonds and the final payment or final redemption of the Bonds being refunded, an escrow deposit agreement providing for the custody of the proceeds of the Refunding Bonds and any other funds intended to be applied to the payment or redemption of Bonds;

(d) an opinion or opinions of the counsel for EDA to the effect that (i) the issuance of such Bonds has been duly and validly authorized and all conditions precedent to the delivery of such Bonds have been fulfilled, (ii) each of the Supplemental Trust Agreement referred to in clause (a) above and the amendments to the Contract referred to in clause (b) above have been duly authorized, executed and delivered and is valid and binding on EDA in accordance with their terms, (iii) no provision of such Bonds or the Supplemental Trust Agreement authorizing such Bonds results in or constitutes a default under any material agreement, indenture or other instrument to which EDA is a party or by which EDA is or may be bound, and (iv) in the case of Refunding Bonds, the Bonds refunded by the Refunding Bonds are no longer outstanding under the terms of the Trust Agreement; and

(e) an opinion or opinions of counsel for the County to the effect that the amendment to the Contract referred to in clause (b) above has been duly authorized, executed and delivered and is valid and binding on the County in accordance with its terms.

When (i) the documents mentioned in the preceding paragraphs shall have been filed with the Trustee, and (ii) the Additional Bonds or Refunding Bonds described in the Supplemental Trust Agreement mentioned in clause (a) of this Section shall have been executed by EDA and authenticated by the Bond Registrar upon the request of EDA, as required by the Trust Agreement, the Trustee shall deliver such Bonds, at one time to or upon the order of the purchasers thereof, but only upon payment to EDA of the purchase price of such Bonds and the accrued interest thereon. EDA shall not deliver any such Bonds unless in the written determination of an Accountant, the proceeds (excluding accrued interest) of such Refunding Bonds, together with any other money deposited or to be deposited with the Trustee for such purpose, and the interest that shall accrue upon any Defeasance Obligations acquired as described in clause (A)(3) below, shall be not less than an amount sufficient to pay the principal and the redemption premium, if any, of the Bonds to be refunded and the interest that will accrue thereon to the respective redemption and maturity dates.

After provision for payment of the expenses incident to such refunding, the proceeds of such Bonds (including accrued interest, if any) and any other funds made available by EDA shall be applied as follows:

(A) simultaneously with the delivery of such Bonds or at the time the Bonds to be refunded are no longer deemed to be outstanding, as appropriate, as follows:

(1) any accrued interest received as part of the proceeds of such Bonds shall be paid to the Trustee for deposit to the credit of the Debt Service Subfund;

(2) in the case of Additional Bonds, the amount of Bond proceeds described in the Engineer's certificate referred to in paragraph (c)(i) above shall be credited to a special account in the Construction Subfund;

(3) in the case of Refunding Bonds, an amount that, together with the interest that shall accrue on the Defeasance Obligations acquired as described in this clause (3), shall be sufficient to pay the principal of and redemption premium, if any, and the interest on the Bonds to be refunded shall be paid to the Trustee or another suitable financial institution as escrow agent, for deposit to the credit of a special account, appropriately designated, to be held in trust by the Trustee for the sole and exclusive purpose of paying such principal, redemption premium and interest; and money held for the credit of such account shall, as nearly as may be practicable and reasonable, be invested and reinvested by the Trustee, as directed in writing by EDA, in Defeasance Obligations that shall mature or be subject to redemption by the holder thereof at the option of such holder, at such time or times as shall be necessary or desirable to effectuate the purpose of such Refunding Bonds as stated in the Supplemental Trust Agreement mentioned in clause (a) of this Section;

(4) to the credit of a separate account with the Trustee, the estimated amount of the cost of issuing such Refunding Bonds; and

(5) any balance of such proceeds shall be paid to the Trustee for deposit to the credit of the Debt Service Subfund.

(B) In the event that after a valuation by the Trustee of the amounts to the credit of any Subfund or account created pursuant to the Trust Agreement, the Trustee determines that the balance of the credit of such Subfund or account exceeds the amount required to be on deposit therein on account of all Bonds outstanding after the issuance of the Refunding Bonds, such excess shall be transferred to the Debt Service Subfund.

Series 2024 Bonds Redemption Provisions (Section 301)

The Series 2024 Bonds are subject to redemption prior to maturity as described in the front part of this Official Statement under the caption “THE SERIES 2024 BONDS – Redemption Provisions.”

Construction Subfund; Accounts (Section 401)

The Trust Agreement establishes the Construction Subfund as a special subfund within the Tysons Community Center Project Fund to be held in trust by the Trustee. Money in the Construction Subfund shall be held by the Trustee in trust and, subject to the provisions of the Trust Agreement, shall be applied to the payment of the Cost of Construction of the Project and, pending such application, shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders until paid out or transferred as therein provided.

Payments from Construction Subfund (Section 402)

Payment of the Cost of Construction of the Project shall be made from the Construction Subfund. The Trustee is authorized and directed to apply the money in the Construction Subfund as described below, but only upon receipt of the requisitions described below.

As contemplated by the Contract, (i) the County, acting through a County Representative, may withdraw money to the credit of the Cost of Issuance Account in the Construction Subfund for the purpose of paying, or reimbursing the County for prior or simultaneous payment of the Cost, or any item thereof, of the costs of issuance of the Bonds payable by the County or EDA, by filing with the Trustee a requisition for such payment or reimbursement in substantially the form attached to the Trust Agreement and (ii) the County, acting through a County Representative, may withdraw money to the credit of the Project Construction Cost Account in the Construction Subfund for the purpose of paying, or reimbursing the

County for prior or simultaneous payment of the Cost, or any item thereof, of the Construction of the Project, whether such Cost be payable by or to the County or EDA, by filing with the Trustee a requisition for such payment or reimbursement in substantially the form attached to the Trust Agreement. All requisitions and all other statements, orders, certifications and approvals required by the Trust Agreement as conditions of payment from the Construction Subfund may be conclusively relied upon by the Trustee making such payment.

Cost (Section 403)

For the purpose of the Trust Agreement, the Cost of Construction of the Project means such costs as are eligible costs within the purview of the Enabling Act and, without intending thereby to limit or restrict any proper definition of such Cost, shall include the following:

(a) the cost of acquiring by purchase, and the amount of any deposit in court or award or final judgment in, or any settlement or compromise of, any proceeding to acquire by eminent domain, such lands, property, property rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient for, options and partial payments thereon, the cost of demolishing or removing or relocating any buildings or structures or land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, and the amount of any damages incident to or consequent upon, the Construction of the Project and all other costs as certified by the County that have been incurred by it;

(b) preparation of surveys, cost estimates, appraisals, plans and specifications for, and fees for architectural, engineering, supervisory and consulting services, the costs of obtaining governmental or regulatory permits, licenses, franchises and approvals for the construction, and any other fees or expenses necessary or incidental to determining the feasibility or practicability of the construction of the Project;

(c) all costs related to the construction of the Project, including, without limitation, EDA Liabilities, initial or acceptance fees of the Trustee, the Bond Registrar, or the Paying Agent, legal, accounting and financial advisory fees and expenses, underwriting or private placement fees, filing and rating agencies' fees, and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Bonds, the preparation, execution and filing of the Trust Agreement and the Contract and any financing statements and all other documents in connection therewith, and payment of all fees, costs and expenses for the preparation of the Contract, the Trust Agreement and the Bonds, including recording fees and documentary stamp taxes, if any, and any other fees, intangible taxes and expenses necessary or incident to the issuance and sale of the Bonds; and

(d) repayment of all temporary borrowings made by and advances to EDA or the County in connection with the Project.

Disposition of Construction Subfund Balance (Section 404)

When requisitions have been made for the payment of all obligations that are payable from the Cost of Issuance Account in the Construction Subfund, any balance in such account not reserved by the County for the payment of any remaining part of the Cost of Construction of the Project payable from such Account shall be transferred to the Project Construction Cost Account.

When requisitions have been made for the payment of all obligations that are payable from the Project Construction Cost Account in the Construction Subfund, any balance in such account not reserved by the County for the payment of any remaining part of the Cost of Construction of the Project payable from such account shall be transferred to the Debt Service Subfund.

Any balance transferred to the Debt Service Subfund from the Construction Subfund as described above shall be applied to the payment, purchase or redemption of Bonds in accordance with the provisions of the Trust Agreement.

Establishment of Fund and Subfunds (Section 501)

The Trust Agreement establishes the Tysons Community Center Project Fund as a discrete, enterprise fund of EDA. In addition to the Construction Subfund, the Trust Agreement establishes within Tysons Community Center Project Fund the Tysons Community Center Debt Service Subfund and the Tysons Community Center Improvement Subfund. Any money in such subfunds shall be held in trust by the Trustee.

Funds Received (Section 502)

Except as otherwise specifically provided by the Trust Agreement, all Pledged Revenues received by the Trustee shall be credited to the Tysons Community Center Project Fund and shall be subject to a lien and charge in favor of the Holders, until applied and paid as therein authorized.

On or before each Deposit Day, the Trustee shall from money to the credit of the Tysons Community Center Project Fund: first, transfer to and set aside in the Debt Service Subfund, after first taking into account any accrued interest deposited from the proceeds of any Bonds and any transfers from the Improvement Subfund, an amount equal to the interest due on the Bonds on the next Interest Payment Date, and an amount equal to the principal due on the Bonds on the next Principal Payment Date; and second, transfer into the Improvement Subfund the balance of such Pledged Revenues.

The payments and deposits required as described under this subcaption shall be cumulative, and the amount of any deficiency in any month shall be added to the amount otherwise required to be paid or deposited thereafter until such time as such deficiency shall have been made up.

If on the Business Day next preceding an Interest Payment Date or a Principal Payment Date money to the credit of the Debt Service Subfund, or any special account created therein, is not sufficient to pay the principal and interest due and payable on the Bonds on such Interest Payment Date or Principal Payment Date, the Trustee shall transfer from the Improvement Subfund, if and to the extent money in the Improvement Subfund is available for such purpose, an amount equal to the deficiency in the Debt Service Subfund or special account therein.

All Additional Payments received by Trustee from the County pursuant to the Contract with respect to Rebate Liability and Trust Agreement Expenses and late charges and any other money received by the Trustee pursuant to the Contract (other than Pledged Revenues and amounts received pursuant to insurance claims relating to certain irreparable damage to or condemnation of a Project as specified in the Contract) shall be deposited in the Improvement Subfund.

Any money transferred to the Trustee from the Construction Subfund as described under “—Disposition of Construction Subfund Balance” above shall be deposited to a special account in the Debt Service Subfund and applied by the Trustee to the payment, purchase or redemption of Bonds in accordance with the written instructions of an EDA Representative.

Application of Money in Debt Service Subfund (Section 503)

Except as otherwise provided in the Trust Agreement, money in the Debt Service Subfund shall be used solely for the payment of the principal of and premium, if any, and the interest on the Bonds. The

Trustee shall on each Interest Payment Date withdraw from such money and transfer to the Bond Registrar or Paying Agent, which shall transfer to each registered owner the amounts required for paying the interest on such Bonds on such date, and on each Principal Payment Date the Trustee shall withdraw from such money and transfer to the Bond Registrar or Paying Agent which shall set aside in trust, the amounts required for paying the principal of and premium, if any, on the Bonds due on such date.

The Trustee shall endeavor as directed in writing by the EDA Representative to purchase Bonds prior to maturity at the most advantageous prices obtainable, such prices not to exceed the principal amount of such Bonds. The Trustee shall pay the purchase price and accrued interest on such Bonds from the Debt Service Subfund; provided, however, that money in the Debt Service Subfund may be used by the Trustee at the written direction of the EDA Representative, to purchase Bonds for cancellation only to the extent said money is in excess of the amount required for payment of the Bonds theretofore matured or called for redemption and the total amount of interest and principal scheduled to become due on the next succeeding Interest Payment Date or Principal Payment Date, respectively; and provided further that except as provided in a Supplemental Trust Agreement, no such purchase shall be made within the period of forty five (45) days immediately preceding any Interest Payment Date on which the Bonds are subject to call for redemption under the provisions of the Trust Agreement except from money other than money set aside or deposited for the redemption of Bonds.

Application of Money in the Improvement Subfund (Section 504)

Money held in the Improvement Subfund shall be set aside and disbursed by the Trustee in accordance with written instructions of an EDA Representative for the following purposes and, except as otherwise provided in the Trust Agreement, in the following order of priority: (i) for paying EDA's Rebate Liability; (ii) for paying Trust Agreement Expenses; (iii) for transfer and deposit to the Debt Service Subfund; (iv) for paying or discharging any other EDA Liabilities not otherwise paid or provided for; and (v) for paying, in connection with the Project, the cost of unusual or extraordinary maintenance or repairs, repairs or maintenance not recurring annually, renewals, replacements and repairs resulting from any emergency caused by some extraordinary occurrence, all in accordance with the Contract.

Disposition of Subfund Balances (Section 507)

After provision shall be made for the payment of all outstanding Bonds issued under the Trust Agreement, including the interest thereon, and for the payment of all other obligations, expenses and charges required to be paid under or in connection with the Trust Agreement, the Trustee shall pay all amounts in any Subfund then held by it under the Trust Agreement to the County.

Investment of Money (Section 602)

Money held for the credit of the Improvement Subfund and the Construction Subfund shall, as nearly as may be practicable, be invested and reinvested in Investment Obligations that shall mature, or that shall be subject to redemption at the option of the holder thereof, at the times required.

Money held for the credit of the Debt Service Subfund shall, as nearly as may be practicable, be invested and reinvested in Investment Obligations that shall mature, or that shall be subject to redemption at the option of the holder thereof, not later than the respective dates when the money held for the credit of said Subfund will be required for the purposes intended.

Valuation (Section 603)

For the purpose of determining the amount on deposit to the credit of any such Subfund or account, obligations in which money in such Subfund or account shall have been invested shall be valued at amortized cost.

The Trustee shall value the Investment Obligations in the Subfunds and accounts held by it at least once in every Bond Year and report such balances to EDA and the County. In addition, the Investment Obligations shall be valued by the Trustee at any time requested by an EDA Representative on reasonable notice (which period of notice may be waived or reduced by the Trustee); provided, however, that the Trustee shall not be required to value the Investment Obligations more than once in any calendar month.

Payment of Principal, Interest and Premium (Section 701)

EDA covenants to cause to be paid, when due, the principal of (whether at maturity, by call for redemption or otherwise) and the premium, if any, and the interest on the Bonds at the places, on the dates and in the manner provided in the Trust Agreement.

The Bonds are payable solely from Pledged Revenues derived by EDA from the Contract and other money pledged under the Trust Agreement. The Bonds shall not be deemed to constitute a pledge of the faith and credit of the Commonwealth or of any political subdivision thereof, including EDA and the County. Neither the faith and credit of the Commonwealth nor the faith and credit of EDA or the County are pledged to the payment of the principal of or premium, if any, or interest on the Bonds, and the issuance of the Bonds shall not directly, indirectly or contingently obligate the Commonwealth or the County to levy any taxes whatever therefor or to make any appropriation for their payment except from the revenues and receipts provided for their payment under the Trust Agreement.

Covenant to Perform of EDA (Section 702)

EDA covenants to perform at all times all of its covenants, undertakings and agreements contained in the Trust Agreement and in any Bond executed, authenticated and delivered under the Trust Agreement.

Further Instruments and Actions (Section 705)

At the request of the Trustee or the Bond Registrar, EDA covenants to execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of the Trust Agreement.

Request of County to Appropriate (Section 706)

EDA covenants that it shall, through its EDA Representative, request the County annually for each fiscal year following the issuance of the Bonds to budget, appropriate and pay to the Trustee an amount equal to the Basic Payments payable by the County under the Contract (as such payments may be amended in connection with the issuance of Additional Bonds or Refunding Bonds) in such fiscal year. EDA also covenants that it shall, through its EDA Representative, request the County annually for each fiscal year following the issuance of the Bonds to budget, appropriate and pay to the Trustee an amount equal to the estimated Additional Payments payable by the County under the Contract in such fiscal year.

Events of Default (Section 801)

Each of the following is an “Event of Default” under the Trust Agreement:

(i) except as described below, payment of any installment of interest on any Bonds shall not be made when the same becomes due and payable; or

(ii) except as described below, payment of the principal or redemption premium, if any, of any Bonds shall not be made when the same becomes due and payable, whether at maturity or by proceedings for redemption or pursuant to a Sinking Fund Requirement or otherwise; or

(iii) an event of default under the Contract as specified therein (see “– THE INSTALLMENT PURCHASE CONTRACT – Events of Default” herein); or

(iv) except as described below, default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Trust Agreement or any Supplemental Trust Agreement and such default shall continue for ninety (90) days after receipt by EDA of a written notice from the Trustee or Holders of a majority in aggregate principal amount of Bonds then outstanding specifying such default and requiring the same to be remedied, provided that no Event of Default under the provisions described in this clause (iv) shall occur so long as EDA is acting in good faith to cure the default and such default is curable by such remedial action.

No Event of Default shall be deemed to have occurred under clauses (i) or (ii) above where no event of default shall have occurred and be continuing under the Contract.

If EDA is unable in whole or in part to carry out any of its agreements by reason of *force majeure* contained in the Trust Agreement applicable under clause (iv) above due to any cause, circumstance or event that is not reasonably foreseeable and that is not within the control of the EDA, then such failure by EDA shall not be deemed an Event of Default during the continuance of such inability, including a reasonable time for the removal of the effect thereof.

The term “*force majeure*” means any cause, circumstance or event that is not reasonably foreseeable and that is not within the control of EDA, including, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the Commonwealth or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; war; insurrections; civil disturbances; riots; epidemics; pandemics; landslides; lightning; earthquakes; fires; hurricanes; storms; droughts; floods; washouts; arrests; restraint of government and people; explosions, breakage, malfunction of or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; or shortages of or inability to obtain labor, materials, supplies or transportation.

Acceleration of Maturities (Section 802)

Upon the happening and continuance of any Event of Default specified in (i) or (ii) under the heading “– Event of Default” above, the Trustee shall, upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding, declare the principal of all of the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, subject to certain rights of EDA to cure such default as provided in the Trust Agreement.

Enforcement of Remedies (Section 803)

Upon the happening and continuance of any Event of Default specified in the Trust Agreement, then and in every such case the Trustee may proceed, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then outstanding shall proceed, to protect and

enforce its rights and the rights of the Holders under the laws of the Commonwealth or under the Trust Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Trust Agreement or in aid of execution of any power granted in the Trust Agreement or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel chosen by the Trustee or by such Holders, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event of Default becoming and remaining due from EDA for principal, interest or otherwise under any of the provisions of the Trust Agreement or of the Bonds, together with interest on overdue payments of principal at the rate or rates of interest payable on any Bonds outstanding and all costs and expenses of collection and of all proceedings under the Trust Agreement, without prejudice to any other right or remedy of the Trustee or of the Holders and to recover and enforce any judgment or decree against EDA, but solely as provided in the Trust Agreement, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from money available for such purposes), in any manner provided by law, the money adjudged or decreed to be payable.

Control of Proceedings by Holders (Section 806)

Holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right, subject to the provisions of the Trust Agreement, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Trust Agreement, provided that such direction shall be in accordance with law and the provisions of the Trust Agreement.

Notice of Event of Default (Section 811)

The Trustee shall provide to all Holders at their addresses as they appear on the registration books written notice of the occurrence of any Event of Default within thirty (30) days after the Trustee shall have actual notice of the same, that any such Event of Default shall have occurred.

Supplemental Trust Agreements Without Consent of Holders (Section 1101)

EDA may enter into such supplements and amendments to the Trust Agreement as shall be consistent with the terms and provisions of the Trust Agreement: (a) to cure any ambiguity or formal defect or omission, or to correct or supplement any provision that may be inconsistent with any other provision of the Trust Agreement; or (b) to grant to or confer upon the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders; or (c) to add to the conditions, limitations and restrictions thereafter to be observed by EDA under the provisions of the Trust Agreement; or (d) to add to the covenants and agreements of EDA in the Trust Agreement other covenants and agreements thereafter to be observed by EDA or to surrender any right or power reserved to or conferred upon EDA in the Trust Agreement; or (e) to provide for the issuance of Additional Bonds and Refunding Bonds and to provide for such other related matters as may be required or contemplated by or appropriate under the Trust Agreement; or (f) to make change necessary to comply with the requirements of Fitch, Moody's or S&P; or (g) to make any other change that, in the judgment of EDA, would not materially adversely affect the security for the Bonds.

Modification of Trust Agreement with Consent of Holders (Section 1102)

All other supplements or amendments require the written consent of Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding that will be affected thereby provided, however, that no supplement or amendment shall permit (a) an extension of the maturity of the principal of or the interest on any Bonds issued under the Trust Agreement, or (b) a reduction in the principal amount of any Bonds or the redemption premium or the rate of interest thereon, or (c) the creation of a pledge or lien on the money credited to the Debt Service Subfund or the Construction Subfund other than the pledge and lien created by the Trust Agreement, or (d) a preference or priority of any Bonds over any other Bonds, or (e) a reduction in the aggregate principal amount of Bonds required for consent to such supplement or amendment.

Supplements and Amendments to the Contract Not Requiring Holders Consent (Section 1201)

EDA may enter into supplements and amendments to the Contract as it shall deem not adverse to the interests of the Holders after thirty (30) days' prior notice to, but without the consent of, the Trustee.

From time to time and at any time, EDA may enter into other supplements and amendments to the Contract, and the Trustee may consent to such amendments and supplements to the Contract as shall not, in the judgment of the Trustee, be materially adverse to the interests of the Holders, (a) to cure any ambiguity or formal defect or omission in the Contract or in any supplement or amendment thereto, or (b) to grant to or confer upon EDA or the Trustee, for the benefit of the Holders, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or EDA or the Trustee, or (c) to make any other change in the Contract, provided only that no such change shall be made to the provisions of the Contract relating to Payments that would be materially adverse to the interests of the Holders. Amendments or supplements to the Contract described in this paragraph may be made without the consent of the Holders.

Supplements and Amendments to the Contract Requiring Holders' Consent (Section 1202)

All other supplements or amendments to the Contract require the consent of the Holders of at least a majority in aggregate principal amounts of the Bonds then outstanding in the same manner as provided for in the case of supplements and amendments to the Trust Agreement.

Defeasance (Section 1301)

When (a) the Bonds secured by the Trust Agreement have become due and payable in accordance with their terms or otherwise as provided in the Trust Agreement, and (b) the whole amount of the principal and the interest and premium, if any, so due and payable upon all Bonds shall be paid or if the Trustee, the Bond Registrar or any Paying Agent shall hold sufficient money or Defeasance Obligations the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest and redemption premium, if any, on all Bonds then outstanding to the maturity date or dates of such Bonds or dates fixed for sinking fund redemption or to the date or dates specified for the optional redemption thereof, and (c) if Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption shall have been given by EDA and (d) sufficient funds shall also have been provided or provision made for paying all other obligations payable under the Trust Agreement by EDA, then and in that case the right, title and interest of the Holders in the Subfunds mentioned in the Trust Agreement shall thereupon cease, determine and become void and, on demand of EDA and upon being furnished with an opinion, in form and substance satisfactory to the Trustee, of counsel nationally recognized as expert in legal matters relating to states and their political subdivisions, to the effect that all conditions precedent to the release of the Trust Agreement have been satisfied, the Trustee shall release the Trust Agreement and

shall execute such documents to evidence such release as may be reasonably required by EDA and shall turn over to EDA any surplus in any and all balances remaining in all Subfunds, other than money held for the redemption or payment of Bonds. Otherwise, the Trust Agreement shall continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by the Bond Registrar or the Trustee or Paying Agent as described above, (i) in addition to the other requirements set forth in the Trust Agreement, EDA, within thirty (30) days after such money or Defeasance Obligations shall have been deposited with it, shall cause a notice signed by the Bond Registrar to be mailed to all Holders setting forth (a) the date or dates, if any, designated for the redemption of the Bonds, (b) the deposit of such money or Defeasance Obligations so held by it, and (c) that the Trust Agreement has been released in accordance with the provisions described under this heading, and (ii) the Bond Registrar shall retain such rights, powers and privileges under the Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of Bonds.

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THE INSTALLMENT PURCHASE CONTRACT

Agreement to Issue Bonds (Section 2.01)

At the request of the County, EDA agreed to use its best efforts to issue, sell and deliver to the purchasers thereof at one time or from time to time (i) the Series 2023 Bonds pursuant to the Trust Agreement for the purpose of providing short-term interim financing for the Cost of Construction of the Project, (ii) Additional Bonds pursuant to the Trust Agreement for the purpose of paying any portion of the Cost of Construction of the Project in excess of the funds available for the purpose from the proceeds of the Series 2024 Bonds or (iii) Refunding Bonds pursuant to the Trust Agreement for the purpose of refunding the Series 2023 Bonds or Additional Bonds issued under (ii) above or a combination of such purposes.

No Sufficiency Warranty by EDA; Limited Liability of County (Section 2.03)

The EDA does not make any warranty, either express or implied, that the money that will be paid into the Construction Subfund or any account therein will be sufficient to pay the Cost of Construction of the Project. The obligation of the County under the Contract to pay the Cost of Construction of the Project will be limited to the proceeds of the Series 2023 Bonds and any Additional Bonds described above deposited to the credit of the Construction Subfund, the investment earnings thereon and any other investment earnings on the funds and accounts held by the Trustee under the Trust Agreement and transferred to the Construction Subfund. The County agrees, however, that if, after exhaustion of the money in the Construction Subfund, the County should pay or cause to be paid any portion of the Cost of Construction of the Project, it shall not be entitled to any reimbursement therefor from EDA or from the Trustee (other than from the proceeds of any such Additional Bonds), or diminution or postponement of the payments to be made pursuant to the Contract.

Sale of the Project (Article III)

EDA agrees to sell to the County, and the County agrees to purchase from EDA, on the Effective Date, EDA's interests in the Project.

Payments (Section 4.01)

The County shall pay to EDA the Purchase Price of the Project in installments, with Interest thereon, in accordance with the provisions of the Contract. The Purchase Price and Interest thereon shall be paid as Basic Payments in the amounts and manner that will allow EDA to pay timely the debt service on the Series 2024 Bonds.

The County may, at its option, prepay the Purchase Price, in whole or in part, on not less than forty-five (45) days' written notice to EDA, accompanied by a specific direction to EDA to apply such prepayment to the purchase and cancellation, redemption or defeasance of any Bonds, in accordance with their terms. Upon such purchase and cancellation, redemption or defeasance, EDA shall credit the principal amount of the Bonds so cancelled, redeemed or defeased against the Purchase Price and reduce the Basic Payments otherwise payable by an amount equal to the sum of (i) the principal amount of the Bonds so purchased and cancelled, redeemed or defeased, (ii) the interest on the Bonds so purchased and cancelled, redeemed or defeased and as a result of such prepayment and (iii) the interest that would have accrued on such Bonds so redeemed or defeased but for such prepayment and redemption or defeasance.

EDA shall credit appropriately against the Purchase Price and Interest and reduce the Basic Payments otherwise payable on each Due Date by the amount of any investment income (a) realized from the investment and reinvestment of Bond proceeds and Basic Payments or other amounts or reserves derived from Bond proceeds or Basic Payments and set aside or pledged to the Bonds and (b) applied, or to be applied, to the payment of principal or interest and any redemption premium on Bonds.

The County shall also pay to or for the account of EDA as Additional Payments all other amounts (other than Basic Payments) payable by the County to EDA under the Contract, including fees and expenses of the Trustee, the Bond Registrar, any Paying Agent, and the EDA.

Net Contract (Section 4.04)

The County shall pay to EDA all Payments payable to EDA free of any abatement, charges, counterclaims, assessments, set-offs, offsets, impositions or deductions, except as provided in the Contract. Under no circumstances or conditions shall EDA be expected or required to make any payment of any kind with respect to the Project or be under any obligation or liability except as provided in the Contract or the Trust Agreement. As between EDA and the County, the County shall be responsible for paying all costs of operating, maintaining and repairing the Project, including the costs and expenses for sewer, water, gas, electric, telephone, fuel and other utilities used or consumed in or at the Project.

Late Charges (Section 4.05)

In the event that payment of any (i) Basic Payment becomes overdue for one business day beyond the date on which it is due or (ii) Additional Payments become overdue for forty-five (45) days, the sums so overdue shall be payable with interest at the Late Charge Rate (computed on a 360-day year).

Obligations of County Subject to Appropriation (Section 4.06)

The obligations of the County to make any payments under the Contract are contingent upon the appropriation for each fiscal year by the Board of Supervisors of funds from which such payments can be made. The County shall not be liable for any amounts that may be payable pursuant to the Contract unless and until such funds have been so appropriated for payment and then only to the extent thereof. The County and the EDA understand that nothing in the Contract shall be deemed to obligate the Board of Supervisors to appropriate any sums on account of any payments to be made by the County under the Contract. The Contract shall not constitute a pledge of the full faith and credit of the County or a bond or debt of the County in violation of Section 10 of Article VII of the Constitution of the Commonwealth of Virginia.

County Budget (Section 4.07)

The County Executive shall include as a separate line item in each annual budget of revenues and disbursements presented to the Board of Supervisors an item designated "Tysons Community Center Project Payments" in an amount not less than an amount sufficient, in the judgment of the County Executive, to make the Payments and pay all other amounts payable during such fiscal year by the County pursuant to the Contract.

County's Obligation to Maintain and Repair the Property (Section 5.01)

The County, at its sole cost and expense, shall keep and maintain the Property in good and safe order and condition in accordance with industry standards and shall use all reasonable precaution to prevent waste, damage, or injury to the Property.

In the event the Property or any portion thereof is damaged or destroyed by fire, flood or other casualty, the County shall, except as otherwise provided in the Contract, repair, reconstruct and restore the damaged Property as and to the extent the County shall deem appropriate under the circumstances. Net Proceeds of any insurance relating to such damage or destruction shall be paid directly to the County and the County shall apply such Net Proceeds received solely to, and shall complete, the repair, reconstruction and restoration of the Property.

In the event that the Property or any portion thereof is destroyed by fire or other casualty, the County may, within 90 days after such damage or destruction, elect by written notice to EDA not to repair, reconstruct or restore the Property or any portion thereof, provided that the Net Proceeds of insurance payable as a result of such damage or destruction together with other money held for the payment of or as security for the Bonds and any additional sums paid by the County are sufficient to provide for Payment of the Bonds (as such phrase is defined in the Contract). In such event the County shall, in its notice of election to EDA, state that the Net Proceeds of insurance shall be paid to EDA for the purpose of defeasing the lien of the Trust Agreement securing the Series 2024 Bonds in accordance with its terms and such Net Proceeds shall be paid to EDA for the purpose of such defeasance. Alternatively, it shall constitute compliance with the provisions of the Contract if the Net Proceeds of insurance payable as a result of such damage or destruction, together with other money held for the payment of or as security for the Bonds, are used to provide for payment of such Bonds allocable to the portion of the Property damaged or destroyed.

Upon completion of the repair, reconstruction and restoration pursuant to the Contract, any excess money from the Net Proceeds of insurance shall be paid by the County to EDA and shall be applied as a credit to Basic Payments. In the event that the Bonds are defeased, any remaining Net Proceeds shall be paid to or retained by the County.

In the event that the Property or any portion thereof is condemned or taken for any public or quasi-public use and title vests in the party condemning or taking the same, the County shall determine in writing whether the Property can be repaired, reconstructed and restored to such an extent that the utility of the Property can be largely maintained, restored or replaced. If the County determines that the utility of the Property can be maintained, restored or replaced following such a taking, it shall restore the Property with the Net Proceeds resulting from such taking as nearly as practicable to substantially the same or an improved condition or utility as existed prior to the taking. The County shall complete restoration of the Property regardless of whether or not the Net Proceeds of the condemnation award received by the County for such purposes are sufficient. If the County shall determine that the utility of the Project cannot be maintained restored or replaced following such taking, the Net Proceeds payable as a result of such taking shall be used for the Payment of the Bonds. Alternatively, if the County shall determine that the taking is limited to a Property, it shall constitute compliance with the provisions of the Contract if the Net Proceeds payable as a result of such taking together with other money held for the payment of or as security for the Series 2024 Bonds and any additional sums paid by the County are sufficient to provide for Payment of the Bonds allocable to the portion of such Property and shall be so applied.

Any excess money from the Net Proceeds of a taking over and above the costs of repair, reconstruction and restoration prosecuted to completion in accordance with the Contract shall be paid by the County to EDA and applied as a credit against the Purchase Price and reduce the Basic Payments becoming due thereafter as designated in writing by the County. In the event of Payment of the Bonds in accordance as described under this heading, any remaining Net Proceeds shall be retained by or paid to the County.

County's Assumption of the Maintenance and Management of the Property (Section 5.02)

EDA shall have no duty or obligation to make any alteration, change, improvement, replacement, restoration or repair to, or to demolish, the whole or any part of the Property. Except as otherwise provided in the Contract, as between the County and EDA, the County assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the Property.

Insurance (Article VI)

The County shall procure and pay the requisite premiums for and maintain during the Term of the Contract the insurance described in the Contract. The insurance policies required by the Contract shall name the EDA and the Trustee as an additional named insured. The Contract requires that the County carry as a minimum, (i) an "all risks" policy with coverage equal to 100% of the replacement cost value of the Project, to be determined no less frequently than annually; and (ii) a general liability policy covering all operations and maintenance in connection with the Project equal to a \$5,000,000 combined aggregate limit per occurrence for personal injury and property damage liability. The County may self-insure against such risks under certain circumstances.

All such insurance shall be issued by companies licensed to do business in the Commonwealth of Virginia with the Best's Key Rating of at least A:VI.

Title (Section 7.01)

As between the County and EDA, title to the Project title shall vest in the County.

No Impairment of EDA's Interests (Section 7.02)

Except for the Permitted Encumbrances described in the Contract, the County shall not create or cause or suffer to be created, any lien, encumbrance or charge upon the Contract, the Project, the Property, or any part of any of them, or EDA's income derived from the Contract.

County Representations (Section 8.01)

Except as expressly provided in the Contract, the County warrants that no representations, statements or warranties, express or implied, have been made by or on behalf of EDA in respect of the Project, including the physical condition thereof, the status of title to the Property, the availability of utilities or other infrastructure thereon or any facts, conditions, laws, regulations, rules or orders applicable thereto, now or in the future affecting the Property, or the use that may be made of the Property, and that the County has relied on no such representations, statements or warranties, and EDA shall in no event whatsoever be liable for any latent or patent defects in the Project.

Release of Portions of the Property (Section 10.03)

The County and the EDA reserve the right to amend the Contract for the purpose of effecting the release of and removal from the Contract of any part of the Property with respect to which the County or a transferee of the County proposes to convey title to a public utility or public body in order that utility services or roads or other services may be provided for the Property or any portion thereof. If at the time any such amendment is made, any Bonds are outstanding and unpaid there shall be deposited with the Trustee the following: (i) a copy of the amendment or easement as executed; (ii) a resolution of the Board of Supervisors stating that the County is not in default under any of the provisions of the Trust Agreement

and EDA is not, to the knowledge of the County, in default under any of the provisions of the Contract, giving an adequate legal description of that portion of the Property to be released, and stating the purpose for which the County desires the release; (iii) a certificate showing that EDA has approved such amendment and stating that EDA is not in default under any of the provisions of the Contract; and (iv) a certificate of an Engineer stating that the proposed release will not impair the usefulness of the Project as a public community center or for other County approved purposes, and will not destroy the means of ingress to and egress therefrom.

Granting of Easements (Section 10.04)

The County and its transferees may grant or release easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges with respect to any property included in the Project, so long as such grant or release will not materially adversely affect the usefulness of the Project as a public community center or for other County approved purposes.

Assignment, Leasing and Subleasing (Section 10.05)

Neither the Contract nor the rights and obligations of the County under the Contract shall be assigned in whole or in part without the consent of EDA. However, no assignment shall relieve the County from primary liability for any of its obligations under the Contract.

Assignment of Contract by EDA (Section 10.06)

EDA shall assign its interest in and pledge all money receivable under the Contract, other than the Additional Payments, to the Trustee pursuant to the Trust Agreement as security for payment of the Bonds. The County agrees to make all Basic Payments and payments to be credited against Basic Payments directly to the Trustee for the account of EDA.

County Options to Terminate (Section 10.07)

The County may terminate the Contract by paying to the Trustee, for the account of EDA, an amount that will be sufficient to purchase, redeem or defease all the outstanding Bonds under the Trust Agreement and with the provisions of the Trust Agreement, and in case of redemption, making arrangements satisfactory to the Trustee for giving the required notice of redemption.

Permitted Use (Section 11.01)

There shall be no occupation or use of the Property by the County or anyone else for any purpose other than as authorized by the Contract, without the written consent of EDA and counsel to EDA.

No Illegal or Hazardous Use (Section 11.02)

The County shall not use or permit the Property or any part thereof to be used for any unlawful or illegal business, use or purpose, or in such manner as to constitute a nuisance of any kind (public or private).

Events of Default (Section 12.01)

Except in an Event of Non-Appropriation as described in the following caption, each of the following events shall be an “Event of Default” under the Contract:

(a) if the County shall fail to make any Basic Payment or any part thereof on the due date thereof and such failure shall continue for one business day; or

(b) if the County shall fail (i) to maintain or cause to be maintained the insurance required by the Contract, or (ii) to make any Additional Payment, or any other payment under the Contract, required to be paid by the County under the Contract for a period, after notice thereof from EDA to the County, of forty-five (45) days; or

(c) if the County shall fail to observe or perform one or more of the other material terms, conditions, covenants or agreements of the Contract or any representation, and such failure or misrepresentation shall continue for a period of ninety (90) days after written notice thereof by EDA to the County specifying such failure (unless such failure or misrepresentation requires work to be performed, acts to be done, or conditions to be removed that cannot by their nature reasonably be performed, done or removed, as the case may be, within such ninety (90) day period, in which case no Event of Default shall be deemed to exist as long as the County shall have commenced curing the same within such ninety (90) day period and shall diligently and continuously prosecute the same to completion); or

(d) if the County shall admit, in writing, that it is unable to pay its debts as such become due or shall make an assignment for the benefit of creditors; or

(e) if the County shall file a voluntary petition in bankruptcy or the County shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the County or of all or any substantial part of the Project or the Property or any interest of the County therein; or

(f) if within ninety (90) days after the commencement of any proceeding against the County seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed, or if, within ninety (90) days after the appointment, without the consent or acquiescence of the County, of any trustee, receiver or liquidator of the County or of all or any substantial part of the Project or the Property or any interest of the County therein, such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within thirty (30) days after the expiration of any such stay, such appointment shall not have been vacated.

Non-Appropriations (Section 12.03)

Anything to the contrary notwithstanding elsewhere in the Contract, the failure of the County to pay all or any portion of any amount otherwise due and payable under the Contract to or for the account of EDA or the Trustee on account of the failure of the Board of Supervisors of the County to appropriate such sum (an "Event of Non-Appropriation") shall not, to the extent of such failure, constitute a Default or an Event of Default under the Contract.

Remedies (Section 12.04)

If an Event of Default shall have occurred and be continuing, EDA may, at its option, declare all installments of Basic Payments for the remainder of the Term to be immediately due and payable.

In an Event of Default, EDA may take whatever action at law or in equity may appear necessary or desirable to collect the Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the County under the Contract.

No Remedy Exclusive; Agreement to Pay Attorneys' Fees and Expenses (Sections 12.05 and 12.06)

No remedy under the Contract is intended to be exclusive of any other remedy. If any Event of Default shall occur or in the event the County should default under the Contract, and in any such case, EDA or the Trustee should employ attorneys or incur other expenses for the collection of Payments or the enforcement of performance or observation of any obligation or agreement on the part of the County contained in the Contract, the County agrees that it will on demand therefor pay to the EDA or the Trustee the reasonable fees, costs and expenses of such attorneys and such other costs and expenses so incurred.

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APPENDIX D

FORM OF BOND COUNSEL OPINION

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FORM OF BOND COUNSEL OPINION

August 29, 2024

Fairfax County Economic
Development Authority
Fairfax, Virginia

We have acted as Bond Counsel to the Fairfax County Economic Development Authority (the “Authority”) in connection with the issuance of

\$26,920,000

**Fairfax County Economic Development Authority
Fairfax County Facilities Revenue Refunding Bonds, Series 2024A
(Tysons Community Center Project)
(the “Series 2024A Bonds”)**

and

\$9,670,000

**Fairfax County Economic Development Authority
Fairfax County Facilities Revenue Refunding Bonds, Series 2024B
(Tysons Community Center Project) (Federally Taxable)
(the “Series 2024B Bonds” and collectively with the Series 2024A Bonds, the “Series 2024 Bonds”)**

The Series 2024 Bonds are being issued pursuant to Chapter 643 of the 1964 Acts of the General Assembly of the Commonwealth of Virginia, as amended, and other applicable law (collectively, the “Enabling Act”). The Series 2024 Bonds are being issued to (i) refinance bonds previously issued by the Authority to provide short-term interim financing for costs of the acquisition, construction and improvement of certain property to be used by Fairfax County, Virginia (the “County”), as a public community center to be located at The Exchange at Spring Hill Station in Tysons, Virginia, and known as the Tysons Community Center (the “Project”), and (ii) pay costs associated with the issuance of the Series 2024 Bonds.

The Authority and the County have entered into an Installment Purchase Contract (as supplemented in connection with the issuance of the Series 2024 Bonds, the “Contract”) with respect to the Project. Under the Contract, the Authority has agreed (1) to sell its interests in the Project to the County in consideration of the County’s (i) undertaking responsibility for the Project, and (ii) agreement to pay a purchase price for the Project, and interest thereon, sufficient for the Authority to pay timely the debt service on the Series 2024 Bonds and (2) to make available to the County amounts held under the Trust Agreement (as defined below) to pay the cost of constructing, improving and equipping the Project.

Under the Contract, the County has agreed to make “Basic Payments” in amounts sufficient to pay the principal of and interest on the Series 2024 Bonds. Under the Contract, the County has also agreed to make “Additional Payments” (together with Basic Payments, the “Payments”) in amounts sufficient, among other purposes, to pay the Authority’s expenses allocable to the Contract and for the Authority to pay timely the compensation and expenses of the Trustee. The obligation of the County to make Basic Payments and Additional Payments and any other payments required under the Contract in each fiscal year is a valid and binding obligation of the County but is subject to and contingent upon the annual appropriation of funds by the Board of Supervisors of the County (the “Board of Supervisors”) for such purpose.

The Series 2024 Bonds are being issued under and secured by a Trust Agreement, dated as of November 1, 2023, between the Authority and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the “Trustee”), as supplemented by the First Supplemental Trust Agreement and the Second Supplemental Trust Agreement, each dated as of August 1, 2024, between the Authority and the Trustee (as so supplemented, the “Trust Agreement”), pursuant to which the Authority has assigned to the Trustee substantially all of its rights under the Contract, including its right to receive the Payments. Under and subject to the requirements of the Trust Agreement, the Authority may issue additional bonds to finance costs of the Project, and such additional bonds and any refunding bonds issued under the Trust Agreement will rank on a parity with the Series 2024 Bonds (together with any such additional bonds and refunding bonds, the “Bonds”) as to the revenues pledged under the Trust Agreement (“Pledged Revenues”), including the Payments (as the same would be revised to reflect the issuance of such additional bonds or refunding bonds) to be made by the County pursuant to the Contract.

The Series 2024 Bonds are dated, bear interest, and are stated to mature, all as provided in the Trust Agreement.

In our capacity as Bond Counsel, we have examined the Enabling Act and such documents, records of the Authority and the County and other instruments and proofs, including counterparts or certified copies of the Trust Agreement and the Contract, as we deemed necessary to enable us to express the opinions set forth below.

Based on the foregoing we are of the opinion that:

1. The Authority is by the terms of the Enabling Act a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) and a public instrumentality of the County, duly created pursuant to the laws of the Commonwealth, including, in particular, the Enabling Act, with full authority to acquire and sell the Project, to enter into the Trust Agreement and the Contract, and to issue and sell the Series 2024 Bonds.

2. The County is a political subdivision of the Commonwealth with full authority to acquire the Project and to enter into the Contract.

3. The Contract has been duly authorized, executed and delivered by the Authority and the County and constitutes a legal, valid and binding obligation of the parties enforceable in accordance with its terms. The obligation of the County to make the Payments under the Contract is expressly therein made subject to the annual appropriation by the Board of Supervisors of the County of funds for such purpose.

4. The Trust Agreement has been duly authorized, executed and delivered by the Authority and the Trustee and constitutes a legal, valid and binding obligation of the parties enforceable in accordance with its terms. Under the Trust Agreement, the Authority has validly assigned substantially all of its rights under the Contract (including its rights to receive the Payments) to the Trustee for the benefit of the holders of the Series 2024 Bonds.

5. The issuance and sale of the Series 2024 Bonds have been duly authorized by the Authority, and the Series 2024 Bonds have been duly executed and delivered by the Authority and constitute legal, valid and binding limited obligations of the Authority payable under the Trust Agreement in accordance with their terms solely from Pledged Revenues and other money to the extent provided in the Trust Agreement. The Series 2024 Bonds shall not be deemed to constitute a debt or pledge of the faith and credit of the Commonwealth or any political subdivision thereof. None of the Commonwealth, any political subdivision thereof, and the Authority shall be obligated to pay the Series 2024 Bonds or the interest thereon or other costs incident thereto except from the revenues and money pledged therefor. Neither the faith and

credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of the Series 2024 Bonds or the interest thereon or other costs incident thereto.

6. Assuming continuing compliance by the Authority and the County with their covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and, except as provided in the following sentence, interest on the Series 2024A Bonds is not includable in the gross income of the owners thereof for federal income tax purposes under current law. Interest on the Series 2024A Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Series 2024A Bonds in the event of a failure by the Authority and the County to comply with applicable requirements of the Code, and their covenants regarding the use, expenditure, and investment of the proceeds of the Series 2024A Bonds and the timely payment of certain investment earnings to the United States Treasury. We render no opinion as to the effect on the exclusion from gross income of the interest on the Series 2024A 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. Interest on the Series 2024A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals.

7. The income on the Series 2024 Bonds, including any profit made on the sale thereof, is exempt from all taxation by the Commonwealth or any political subdivision thereof.

Other than as described herein, we have not addressed nor are we opining on the tax consequences to any person of the investment in, or the receipt of any interest on, the Series 2024 Bonds.

The opinions contained in paragraphs 3, 4 and 5 above are qualified to the extent that the enforceability of the Contract, the Trust Agreement and the Series 2024 Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors’ rights generally and may be subject to judicial discretion. For purposes of our opinions in paragraphs 1, 3, 4 and 5, we have relied upon the opinion of McGuireWoods LLP respecting the existence and organization of the Authority and its due authorization and execution of the Contract, the Trust Agreement and the Series 2024 Bonds. For purposes of our opinions in paragraphs 2 and 3, we have relied upon the opinion of the Office of the County Attorney respecting the existence and organization of the County and its due authorization and execution of the Contract.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur, and we have no obligation to update this opinion in light of such actions or events.

Respectfully submitted,

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APPENDIX E

FORM OF FAIRFAX COUNTY CONTINUING DISCLOSURE AGREEMENT

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FORM OF FAIRFAX COUNTY 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 Fairfax County Economic Development Authority (the “Authority”) of its \$26,920,000 Fairfax County Facilities Revenue Refunding Bonds, Series 2024A (Tysons Community Center Project) (the “Series 2024A Bonds”), and its \$9,670,000 aggregate principal amount of Fairfax County Facilities Revenue Refunding Bonds, Series 2024B (Tysons Community Center Project) (Federally Taxable) (the “Series 2024B Bonds” and, together with the Series 2024A Bonds, the “Series 2024 Bonds”), pursuant to the provisions of a resolution (the “Authorizing Resolution”) adopted by the Authority on October 9, 2023, and under a Trust Agreement, dated as of November 1, 2023, between the Authority and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the “Trustee”), as supplemented by the First Supplemental Trust Agreement and the Second Supplemental Trust Agreement, each dated as of August 1, 2024, between the Authority and the Trustee (as so supplemented, the “Trust Agreement”).

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County acting on behalf of itself and the Authority, for the benefit of the holders of the Series 2024 Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). Under the Rule, the County is an “obligated person.” 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 Trust Agreement, 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 the Series 2024 Bonds.

“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 Series 2024 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 Series 2024 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 Underwriters” shall mean any of the original underwriters of the Series 2024 Bonds required to comply with the Rule in connection with the offering of such Series 2024 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 ended June 30, 2024). 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 annual 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 send a notice in a timely manner to the Repository in substantially the form attached hereto as Exhibit B.

SECTION 4. Content of Annual Reports. Any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, the following: (i) audited 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), that 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 Series 2024 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 Series 2024 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 Authorizing Resolution, the Trust Agreement or the Series 2024 Bonds, 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 notes, and shall create no rights in any other person or entity.

Date: August 29, 2024

FAIRFAX COUNTY, VIRGINIA

By: _____
Title: _____

CONTENT OF ANNUAL REPORT

Respecting Fairfax County, Virginia:

- (a) Audited 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 ECONOMIC DEVELOPMENT AUTHORITY
\$26,920,000**

**Fairfax County Facilities Revenue Refunding Bonds, Series 2024A
(Tysons Community Center Project)**

and

\$9,670,000

**Fairfax County Facilities Revenue Refunding Bonds, Series 2024B
(Tysons Community Center Project) (Federally Taxable)**

CUSIP NOS. ____-____

Bonds Dated: August 29, 2024

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, the proceeds of which were to pay a portion of the principal amount of an outstanding note. [The County anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by _____.]

Notice Dated: _____

FAIRFAX COUNTY, VIRGINIA

By: _____

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