FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY (A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

And Reports of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR 1-3

MANAGEMENT'S DISCUSSION AND ANALYSIS 4-13

FINANCIAL STATEMENTS
Statement of Net Position 14-15
Statement of Revenues, Expenses, and Changes in Net Position 16
Statement of Cash Flows 17-18
Notes to the Financial Statements 19-55

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Authority's Proportionate Share of Net Pension Liability – ERS Pension Plan 56
Schedule of Authority's Contributions – ERS Pension Plan 57
Schedule of Authority's Proportionate Share of the Net OPEB Liability 58
Schedule of Authority's OPEB Contributions 59

REPORT OF INDEPENDENT AUDITOR ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 60-61

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

The Board of Supervisors
County of Fairfax, Virginia

The Board of Commissioners
Fairfax County Redevelopment and Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Fairfax County Redevelopment and Housing Authority (the "Authority"), a component unit of the County of Fairfax, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of seven blended component units (Herndon Harbor House I, Herndon Harbor House II, FCRHA HCDC One (Stonegate), FCRHA HCDC Two (Murraygate), The Green, Castellani Meadows, and Tavenner Lane), which represent 10.2%, 1.0%, and 5.3%, respectively, of the assets, net position, and revenues of the business-type activities. We did not audit the financial statements of four of the discretely presented component units, Gum Springs Glen, Morris Glen, Olley Glen and Cedar Ridge, which represent 58.4%, 128.1% and 99.3%, respectively, of the assets, partners' equity, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the seven blended component units and four discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Herndon Harbor House I, Herndon Harbor House II, FCRHA HCDC One (Stonegate), FCRHA HCDC Two (Murraygate), The Green, Castellani Meadows, Tavenner Lane and three of the discretely presented component units (Gum Springs Glen, Morris Glen, and Olley Glen) were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of June 30, 2020, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reissuance of the Financial Statements

As discussed in Note 16, the Authority has reissued the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position to reclassify components of restricted and unrestricted net position of the business type activities and eliminate Housing Assistance Payment ("HAP") expense and revenue between funds within the business type activities; this also affected Note 14 but has no impact on total net position. Additionally, a reclassification within Note 14 between the current and noncurrent portions of inter-fund long-term debt and notes receivables and related eliminations has been made; this also has no impact on total net position. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Statement of Certification of Program Costs – Capital Fund Program Grant is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statement of Certification of Program Costs – Capital Fund Program Grant 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. Such 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tysons Corner, Virginia
November 12, 2020, except for Note 16 to the financial statements and the effects on the financial statements described therein, as to which the date is June 25, 2021

Introduction

The Fairfax County Redevelopment and Housing Authority (the "Authority" or "FCRHA") is a political subdivision of the Commonwealth of Virginia and is empowered to implement housing, community development, redevelopment, and revitalization programs within Fairfax County (the County), as well as towns, cities, and counties with which it has cooperation agreements. The Fairfax County Board of Supervisors (the "Board") created the Department of Housing and Community Development ("HCD") to act as the development and administrative agency for the FCRHA and the Board in meeting the housing and community development needs of the County's low and moderate income residents.

The FCRHA's fiscal year ("FY") 2020 annual financial report consists of three parts – the management's discussion and analysis ("MD&A"), the basic financial statements, which include notes to those financial statements, and the required supplementary information ("RSI").

The FCRHA presents this MD&A of its financial performance as of and for the fiscal year ended June 30, 2020, to assist the reader in focusing on significant financial issues and concerns. This year's MD&A presents a comparative analysis of financial data to help the reader ascertain the reasons for changes in assets, deferred outflows, liabilities, deferred inflows, expenses, revenues, and net position balances from the previous year.

This MD&A is focused on the activities of the FCRHA's Enterprise Fund as a primary government. The Authority is the general partner in seven real estate partnerships and also controls the limited partnership interest in these entities. One entity, Little River Glen, has a June 30 fiscal year-end and the other six (Herndon Harbor I, Herndon Harbor II, Stonegate, The Green, Tavenner, and Castellani Meadows) have December 31 fiscal year ends. The financial balances of those entities for the fiscal year-end that falls within the year ended June 30, 2020 are included in the balances of the enterprise fund.

Financial Highlights for FY 2020

The FCRHA's FY 2020 financial highlights included the following:

- Total assets, deferred outflows of resources, liabilities and deferred inflows of resources of the FCRHA were approximately $254.9 million, $9.5 million, $102.3 million and $2.7 million respectively; thus total net position was approximately $159.4 million at June 30, 2020. Of this amount, approximately $51.8 million (unrestricted net position) may be used to meet the FCRHA's future operational needs.

- Total revenues and expenses were approximately $118.5 million and $119.8 million, respectively, resulting in a decrease in net position of approximately $1.3 million as compared to net position increase of approximately $28.0 million for the prior year, a decrease of 104.6%. The decrease in net position is primarily related to higher contribution to the County of $16.6 million in the current year, more than double the previous year's level, decreased Housing Assistance Payments ("HAP") expenses and decreased intergovernmental revenue.

- Cash and cash equivalents decreased by approximately $8.5 million mostly related to a decrease in Other Operating Receipts.

FCRHA Financial Statements

The FCRHA presents its financial results in three basic financial statements - the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The statement of net position reports all financial and capital resources of the FCRHA and is presented in a format where assets plus deferred outflows of resources, minus liabilities minus deferred inflows of resources equals net position. Net position is broken down into the following three categories:

- *Net investment in capital assets* consist of all capital assets net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

- *Restricted net position* consists of assets on which constraints are placed by creditors (such as debt covenants), grantors, contributors, laws, or regulations.

- *Unrestricted net position* consists of net position that does not meet the definition of net position that fall in either one of the two categories discussed above - net investment in capital assets or restricted net position.

The statement of revenues, expenses, and changes in net position includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation expense; and nonoperating revenues and expenses, such as grant revenue, investment income, interest expense, and gain on disposition of assets. The statement's focus is the change in net position.

Finally, a statement of cash flows is included, which discloses net cash flows from operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

These financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Summary of Net Position

The following table presents a summary of FCRHA's net position as of June 30, 2020 and 2019.

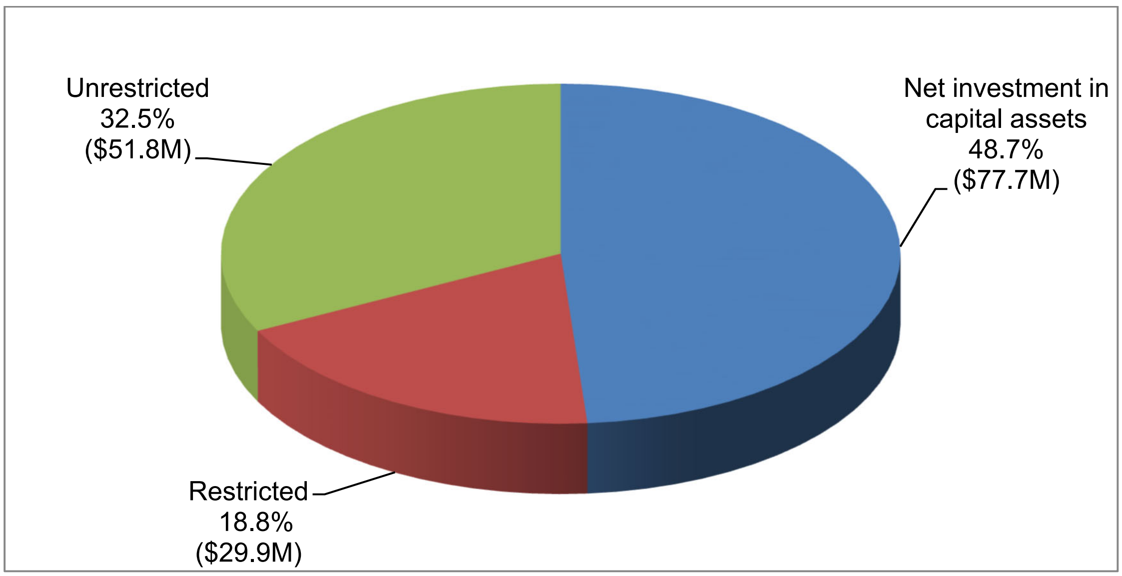
Table 1
Summary of Net Position
(in millions)

Description	2020	2019	Increase (Decrease)	% Change
Current and other assets	$ 159.4	$ 161.9	$ (2.5)	-1.5%
Capital assets	95.5	94.5	1.0	1.1%
Total Assets	254.9	256.4	(1.5)	-0.6%
Deferred outflow of resources	9.5	10.7	(1.2)	-11.2%
Current liabilities	28.8	8.6	20.2	234.9%
Noncurrent liabilities	73.5	95.9	(22.4)	-23.4%
Total Liabilities	102.3	104.5	(2.2)	-2.1%
Deferred inflow of resources	2.7	1.9	0.8	42.1%
Net Position:				
Net investment in capital assets	77.7	74.9	2.8	3.7%
Restricted	29.9	27.2	2.7	9.9%
Unrestricted	51.8	58.6	(6.8)	-11.6%
Total Net Position	$ 159.4	$ 160.7	$ (1.3)	-0.8%

As of June 30, 2020, the FCRHA's net position totaled approximately $159.4 million, a decrease of approximately $1.3 million, or 0.8%, over the net position as of June 30, 2019. This change was due to a decrease in current and other assets related to cash, reserves and investments.

The FCRHA's total net position also consisted of restricted net position of $29.9 million at June 30, 2020 and $27.2 million at June 30, 2019, and unrestricted net position of $51.8 million and $58.6 million at June 30, 2020 and 2019, respectively. Restricted net position of $29.9 million represents 18.8% of the FCRHA's FY 2020 net position and unrestricted of $51.8 million represents 32.5%. Restricted net position includes cash and investments consisting of restricted deposits and funded reserves for repairs and replacements required by HUD and Virginia Housing Development Authority (the "VHDA") guidelines, as well as cash balances in accordance with certain bond indentures. The following pie chart illustrates the relative percentage of the FCRHA's net position invested in capital assets and the remaining restricted and unrestricted net position at June 30, 2020.

Composition of FCRHA's Net Position ($159.4M)



Revenues, Expenses, and Changes in Net Position

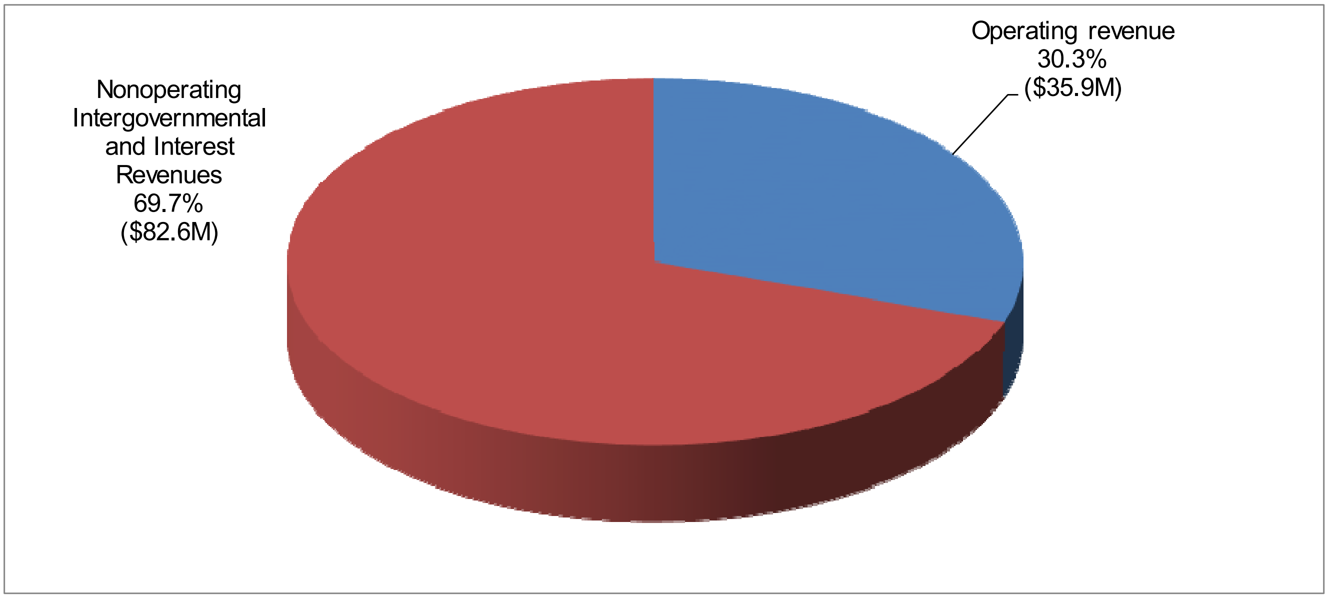
The results of the FCRHA's operations are reported in the statement of revenues, expenses, and changes in net position. In FY 2020, the FCRHA's enterprise programs realized a decrease in net position of approximately $1.3 million. Table 2 presents a summary of data from the FCRHA's statement of revenues, expenses, and changes in net position for FY 2020 and FY 2019 and a comparative analysis of activities in these years.

Table 2
Summary of Revenues, Expenses, and Changes in Net Position
(in millions)

Description	2020	2019	Increase (Decrease)	% Change
Revenues:				
Operating revenues	$ 35.9	$ 47.3	$ (11.4)	-24.1%
Nonoperating revenues and contributions	82.6	92.6	(10.0)	-10.8%
Total revenues	118.5	139.9	(21.4)	-15.3%
Expenses:				
Operating expenses	102.1	103.7	(1.6)	-1.5%
Nonoperating expenses	17.7	8.2	9.5	115.9%
Total expenses	119.8	111.9	7.9	7.1%
Changes in net position	(1.3)	28.0	(29.3)	-104.6%
Total net position, beginning of year	160.7	132.7	28.0	21.1%
Total net position, end of year	$ 159.4	$ 160.7	$ (1.3)	-0.8%

Total FCRHA revenues in FY 2020 were $118.5 million, comprised of operating and nonoperating revenues. Operating revenues contributed $35.9 million with 30.3% derived from rents and other user charges, and developer and financing fees. The FCRHA's total overall revenues during the year were down by approximately $21.4 million or 15.3%. Overall, operating revenues were down by approximately $11.4 million or 24.1%. Nonoperating revenues made up $82.6 million with 69.7% coming from federal grants from HUD, County contributions, gain on sale land. Nonoperating revenues reflected a decrease over the prior year by approximately $10.0 million or 10.8%. The total net position for FY 2020 was $159.4 million as compared to $160.7 million in the prior year, an overall decrease over the prior year of $1.3 million or 0.8%.

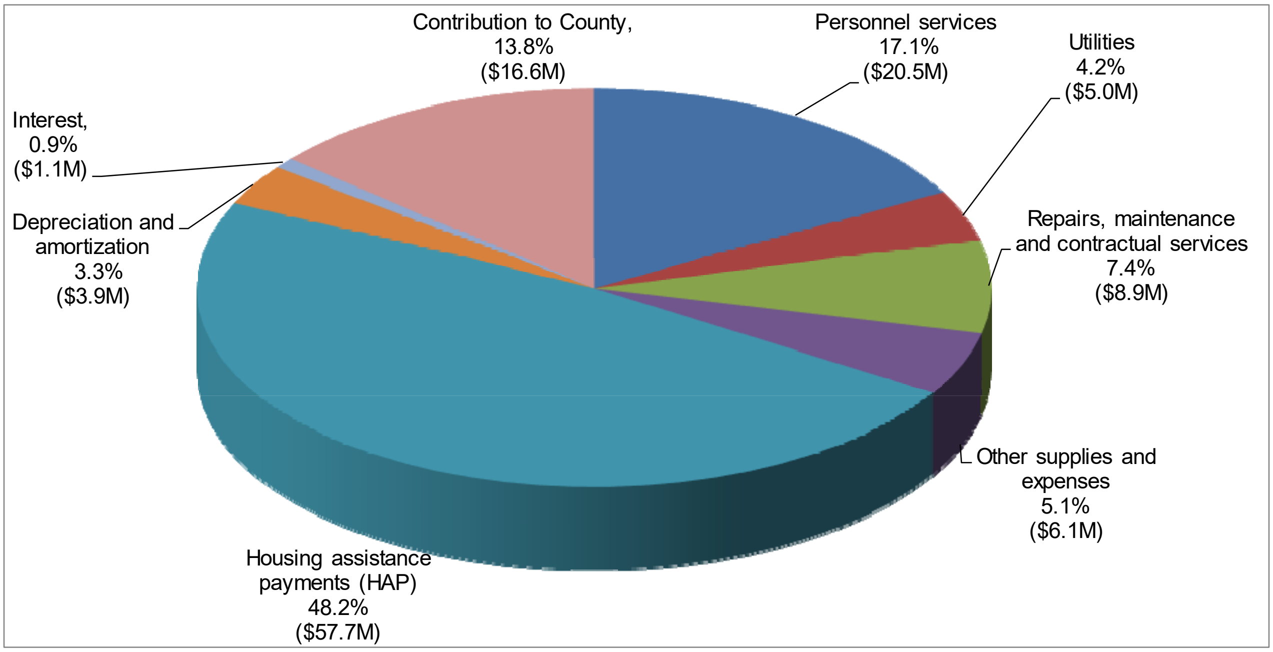
FCRHA's Enterprise Programs
Total Revenues ($118.5M)



The FCRHA's operating expenses in FY 2020 decreased by approximately $1.6 million, or 1.5% from the prior year. The Housing Assistance Payments ("HAP") in the Housing Choice Voucher ("HCV") decreased by $3.3 million, comprising 48.2% of operating expenses while repairs and maintenance expenses accounted for $1.4 million increase, or 7.4% of total operating expenses for the current year.

In FY 2020, the FCRHA incurred total expenses in its enterprise programs totaling approximately $119.8 million. The following pie chart illustrates major operating expense groups and their relative percentage of the total.

FCRHA's Enterprise Programs
Total Expenses ($119.8M)



Capital Assets and Debt Administration

Capital Assets. The FCRHA's capital assets at June 30, 2020 and 2019, included land, buildings and improvements, equipment, and construction in progress which totaled $95.5 million and $94.5 million, respectively, net of accumulated depreciation of approximately $133.7 million and $129.7 million at June 30, 2020 and 2019, respectively. For further details see Note 5, Capital Assets.

Short-term and Long-term Debt. The FCRHA's June 30, 2020 and 2019 statement of net position includes debt – consisting of housing loans, notes, and bonds payable - of approximately $56.0 million and $58.1 million, respectively.

Public bond issues are project specific and have been rated by Standard and Poor's at either "AA+" or "AAA" depending upon the collateral securing the debt. The FCRHA also has debt created by direct placement with institutional lenders without the need for a credit rating. For further details, see Note 6, Short-Term and Long-Term Obligations - Loans, Notes Payable, and Bonds Payable.

Economic Factors

The mission of FCRHA focuses on the planning, development, preservation, rehabilitation, financing, and management of housing, primarily for low- and moderate-income households in Fairfax County. As of June 30, 2020, more than 18,000 individuals are served by FCRHA housing programs. The FCRHA owns and/or operates a total of 3,061 units of multifamily housing, 482 units of independent senior housing, 112 beds of assisted living, and 205 units/beds of specialized housing—including group homes, shelter facilities and a mobile home park with 115 pads.

The preservation of affordable rental housing has long been a concern of the Fairfax County Board of Supervisors and the FCRHA. The stock of privately-owned subsidized units and non-subsidized rental housing with modest rents in the county has been declining as owners reposition their properties in the market. The centerpiece of the initiative is the Penny for Affordable Housing Fund, which is the dedication of a "half penny" of the real estate tax rate for affordable housing initiatives. The value of a "half penny" in Fiscal Year 2020 (FY 2020) was $12.8 million. A total of 3,473 affordable units had been preserved as of the end of FY 2019 for both homeownership and rental purposes in a variety of large and small projects, including 421 units preserved and 36 units/beds created in FY 2019. This is more than three times the Board of Supervisors' original 2004 goal of preserving 1,000 units. In FY 2019, a new initiative was set to produce 5,000 affordable housing units in 15 years and to attain no net loss of affordable housing. In FY 2020, 201 units/beds were created, which, along with FY 2019 units, brings the total number of affordable housing units created at 539 towards the goal of 5,000. In addition, in FY 2020 one unit was preserved, bringing the total preserved to 422 units since the initiative began.

On June 19, 2018, the Fairfax County Board of Supervisors adopted the Communitywide Housing Strategic Plan Phase 1 report. County staff has been working on implementation of Phase 1 of the Plan which identifies 25 short-term strategies that can be implemented without major policy changes or significant sources of new revenue to start the process of creating more housing options for future and current county residents and workers. On May 7, 2019, the Fairfax County Board of Supervisors adopted the Fairfax County budget for FY 2020. The budget made a significant down payment on additional resources for affordable housing that were recommended by the Board's Affordable Housing Resources Panel (AHRP) (Communitywide Housing Strategic Plan Phase 2). In addition to the resources provided in FY 2020, the Board directed staff to:

- Focus on all strategic goals identified by the AHRP.
- Identify a plan that identifies the equivalent of one additional cent on the Real Estate Tax (in addition to the current half-penny) to assist in the production of at least 5,000 new affordable units over the next 15 years using public resources.
- Maintain the existing half-penny for preservation of existing affordable housing.
- Develop a package of innovative land use policies to further facilitate the development of affordable housing beyond the stated goal of 5,000 units and include the identification of additional investments in staff resources to facilitate these options.
- Explore all opportunities to better utilize public space in the county in support of the goal of developing affordable housing, including prioritizing the exploration of opportunities with other entities, such as houses of worship, and public private partnership options.
- Ensure that affordable housing has a prominent place in the Board's legislative program and promote community awareness of affordable housing needs and opportunities; and
- Provide the Board with a plan to respond to all the recommendations of the AHRP in the Fall of 2019.

In the Fall of 2019, County staff briefed the Board on a plan to use additional funding in the FY 2021 Advertised Budget to spur affordable housing development in Fairfax County, with the aim of producing at least 5,000 new affordable units over the next 15 years. However, due to the financial impacts of the COVID-19

Pandemic in the Spring of 2020, the additional "penny" was not included in the FY 2021 Adopted Budget. In June 2020, the Board of Supervisors and County staff reiterated the continued local commitment to develop new affordable housing opportunities and to strengthen affordable housing preservation efforts within existing communities throughout Fairfax County.

The County's affordable housing policy, known as the Housing Blueprint, focuses on providing housing for those with the greatest need, including homeless families and individuals, persons with disabilities, and people with extremely low incomes. The Housing Blueprint, which began in 2010, has four goals: to address the challenge of homelessness, to provide affordable housing options to those with special needs, to meet the affordable housing needs of low-income working families, and to increase workforce housing through creative partnerships and public policy. Current Housing Blueprint initiatives are as follows:

The Bridging Affordability program is intended to provide local rental subsidies to individuals and families experiencing homelessness, victims of domestic violence as well as households currently on Fairfax County's affordable housing waiting lists. As of the end of June 2020, a total of 659 households have leased up through the Bridging Affordability Program. Eighty-six percent (86 percent) of the households have exited the program and moved into sustainable housing. A total of 21 households were newly leased in FY 2020. The average income of all households under lease in FY 2020 was $18,722.

Fairfax County utilizes the Affordable Dwelling Unit Program ("ADU Program"), which is mandatory under the Zoning Ordinance to produce new for-sale or rental ADUs. The ADU Program requires developers of new residential construction to set aside either 5 or 6.25 percent of multifamily construction and 12.5 percent single-family construction as ADUs in return for bonus density. The FCRHA has the right to acquire one-third of the for-sale ADUs to lease as rental units. The remaining for-sale ADUs are sold to low- or moderate-income households through the First-time Homebuyers Program. As of the end of FY 2020, a total of 2,891 units (1,426 rental and 1,465 for-sale) have been produced under the ADU Program; the FCRHA acquired 160 of the for-sale units, which are maintained as permanent affordable rental housing.

Fairfax County's Workforce Dwelling Unit Policy ("WDU Policy") within the Comprehensive Plan is a proffer-based incentive system designed to encourage the voluntary development of new residential construction serving a range of moderate-income households in mixed-use and high-density areas. The WDU Program expects developers to set aside either 12 or 20 percent of new residential construction as WDUs in return for bonus density. As of the end of FY 2020, approximately 8,818 WDUs were committed by private developers through the Board of Supervisors approved rezoning actions but have not been constructed. As of the end of FY 2020, a total of 1,640 units (1,618 rental and 22 for-sale) have been produced under the WDU Program.

The FCRHA Rental Assistance Demonstration ("RAD") Program gives the FCRHA access to more stable funding from HUD to make needed improvements to properties. The program makes it easier to borrow money and use low income housing tax credits ("LIHTCs") as well as other forms of financing to help preserve these important affordable housing communities. In FY 2018, the FCRHA completed the conversion of its entire portfolio of 1,065 public housing units to project-based vouchers under the U.S. Department of Housing and Urban Development's (HUD) RAD program.

Our Projects and Services

In just under two weeks, from late May into early June, Fairfax County closed on three major projects: The Arden, a development to be built immediately adjacent to the Huntington Metro Station that will include 126 affordable multifamily apartments; The Residences at North Hill, a project that will include 216 affordable multifamily apartments, 63 affordable independent living apartments for older adults, and a 12-acre park; and The New Lake Anne House a project located in Reston that will replace the aging Lake Anne Fellowship House with 240 affordable independent living apartments for older adults. During FY 2020, HCD staff were able to help 200 households with projects ranging from minor plumbing and electrical work to gutter, door and window repairs under the Home Repair for the Elderly Program, and assisted 43 homeowners in buying a new home through the County's First-Time Homebuyers Program.

Leaders in Affordable Housing

In FY 2020, Fairfax County and the nonprofit Habitat of Humanity of Northern Virginia celebrated the completed rehabilitation of a 995 square-foot home in the Woodlawn section of Alexandria, a project developed with the FCRHA's investment of $107,000 in federal HOME Investment Partnerships Program funding. Overall in FY 2020, the FCRHA awarded $2.4 million in federal Community Development Block Grant (CDBG) and HOME funds through a Request for Proposals to three nonprofit projects for the acquisition and/or rehabilitation of 13 units of affordable housing for low-income households, and throughout the year nonprofits used $2.6 million in CDBG and HOME financing to acquire, rehabilitate or construct 14 housing units that will be used as affordable rental and homeownership housing. In addition, the FCRHA committed more than $13.4 million of FY 2020 Housing Blueprint funds for the development of three properties with 645 affordable homes.

Maintaining Operations During the COVID-19 Pandemic

Despite the challenges created by the COVID-19 pandemic, FCRHA properties were fully maintained during the pandemic. While changes were implemented in how services were provided to FCRHA and HCD clients, programmatic operations continued with staff assisting county residents in need of its services.

Contacting FCRHA Management

This financial report is designed to provide the citizens of Fairfax County, taxpayers, customers, investors, and creditors with a general overview of the FCRHA's operations and finances and to demonstrate the FCRHA's accountability for the money it receives. Questions concerning this report, any of the component unit financial reports, or requests for additional financial information should be directed to the Director of Financial Management, Department of Housing and Community Development, 3700 Pender Drive, Suite 300, Fairfax, Virginia 22030.

FINANCIAL STATEMENTS

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)
STATEMENT OF NET POSITION

JUNE 30, 2020

	Enterprise Fund	Component Units	Total Reporting Entity
ASSETS			
Current Assets:			
Cash in bank (Note 2)	$ 29,503,587	$ 9,352,523	$ 38,856,110
Cash on deposit with the County of Fairfax, Virginia (Note 2)	23,676,045	-	23,676,045
Cash reserves (Note 2)	8,418,023	-	8,418,023
Investments (Note 3)	2,695,000	-	2,695,000
Restricted cash:			
Deposit held in trust (Note 2)	6,360,684	1,406,270	7,766,954
Investments (Note 3)	2,664,816	-	2,664,816
Accrued interest receivable	49,263	-	49,263
Accounts receivable (net of allowances) (Note 4)	3,468,960	113,253	3,582,213
Notes, mortgages, and other receivables (Note 4)	20,462,339	10,524	20,472,863
Property held for sale	637,770	-	637,770
Prepaid items and other assets	377,857	38,135	415,992
Total Current Assets	98,314,344	10,920,705	109,235,049
Noncurrent assets:			
Restricted assets:			
Cash reserves (Note 2)	23,024,418	23,561,605	46,586,023
Total Restricted Assets	23,024,418	23,561,605	46,586,023
Other noncurrent assets:			
Notes, mortgages and other receivables (net of allowances) (Note 4)	35,387,463	-	35,387,463
Prepaid items and other assets	2,557,419	113,893	2,671,312
Total Other Noncurrent Assets	37,944,882	113,893	38,058,775
Capital Assets (Note 5):			
Nondepreciable:			
Land	38,536,421	7,830,684	46,367,105
Construction in progress	3,737,172	2,018,121	5,755,293
Depreciable:			
Buildings and improvements	186,075,262	48,336,672	234,411,934
Equipment	870,978	1,145,837	2,016,815
Accumulated depreciation	(133,676,961)	(18,408,398)	(152,085,359)
Total Capital Assets, net	95,542,872	40,922,916	136,465,788
Total Noncurrent Assets	156,512,172	64,598,414	221,110,586
Total Assets	$ 254,826,516	$ 75,519,119	$ 330,345,635

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)
STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2020

	Enterprise Fund	Component Units	Total Reporting Entity
DEFERRED OUTFLOWS			
Deferred outflow for pension (Note 12)	$ 7,471,491	$ -	$ 7,471,491
Deferred outflow for OPEB (Note 13)	2,077,653	-	2,077,653
Total Deferred Outflows	9,549,144	-	9,549,144
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	2,810,840	1,216,359	4,027,199
Accrued salaries and benefits	1,029,859	-	1,029,859
Due to FCRHA	-	1,343,148	1,343,148
Deposits held in trust	1,862,499	286,615	2,149,114
Unearned revenue	1,361,367	170,140	1,531,507
Accrued compensated absences (Note 7)	726,328	-	726,328
Loans, notes, and bonds payable, net of deferred financing fees (Note 6)	21,009,119	1,153,083	22,162,202
Total Current Liabilities	28,800,012	4,169,345	32,969,357
Noncurrent Liabilities:			
Accrued compensated absences (Note 7)	605,888	-	605,888
Loans, notes, and bonds payable, net of deferred financing fees (Note 6)	34,998,887	68,423,846	103,422,733
Net pension liability (Note 12)	26,588,797	-	26,588,797
Net OPEB liability (Note 13)	2,453,774	-	2,453,774
Other accrued long-term interest	8,929,597	6,277,821	15,207,418
Total Noncurrent Liabilities	73,576,943	74,701,667	148,278,610
Total Liabilities	102,376,955	78,871,012	181,247,967
Deferred Inflows			
Deferred Inflow for pension (Note 12)	2,144,711	-	2,144,711
Deferred inflow for OPEB (Note 13)	525,027	-	525,027
Total Deferred Inflows	2,669,738	-	2,669,738
NET POSITION (DEFICIT)			
Net investment in capital assets	77,695,006	(8,704,213)	68,990,793
Restricted	29,870,944	4,731,460	34,602,404
Unrestricted	51,763,017	620,860	52,383,877
Total Net Position (Deficit)	$ 159,328,967	$ (3,351,893)	$ 155,977,074

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

	Enterprise Fund	Component Units	Total Reporting Entity
Operating Revenues:			
Dwelling rentals	$ 31,862,910	$ 4,772,636	$ 36,635,546
Other	4,018,434	648,191	4,666,625
Total Operating Revenues	35,881,344	5,420,827	41,302,171
Operating Expenses:			
Personnel services	20,454,941	1,164,276	21,619,217
Contractual services	314,050	72,504	386,554
Utilities	4,945,002	731,725	5,676,727
Repairs and maintenance	8,594,999	1,460,202	10,055,201
Other supplies and expenses	6,132,386	1,994,628	8,127,014
Housing assistance payments (HAP)	57,744,118	-	57,744,118
Depreciation and amortization	3,944,715	1,440,245	5,384,960
Total Operating Expenses	102,130,211	6,863,580	108,993,791
Operating Loss	(66,248,867)	(1,442,753)	(67,691,620)
Nonoperating Revenues (Expenses):			
Intergovernmental revenue	70,666,419	2,068,776	72,735,195
Owner distribution	(36,822)	-	(36,822)
Interest revenue	924,044	425,533	1,349,577
Gain on sale	9,489,161	-	9,489,161
Contribution from County	1,497,804	-	1,497,804
Contribution to County	(16,577,736)	-	(16,577,736)
Interest expense	(1,051,486)	(2,817,687)	(3,869,173)
Total Nonoperating Revenues (Expenses), net	64,911,384	(323,378)	64,588,006
Change in Net Position	(1,337,483)	(1,766,131)	(3,103,614)
Net Position (Deficit), beginning of year	160,666,450	(1,585,762)	159,080,688
Net Position (Deficit), end of year	$ 159,328,967	$ (3,351,893)	$ 155,977,074

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Enterprise Fund	Component Units	Total Reporting Entity
Cash flows from operating activities:			
Rental receipts	$ 29,715,273	$ 4,730,800	$ 34,446,073
Other operating cash receipts	4,110,721	648,191	4,758,912
Purchase of property held for sale	(2,099,911)	-	(2,099,911)
Receipts from sale of property held for sale	1,976,992	-	1,976,992
Payments to employees for services	(19,107,327)	(1,164,276)	(20,271,603)
Housing assistance payments	(57,744,118)	-	(57,744,118)
Payments to suppliers for goods and services	(20,502,415)	(2,972,414)	(23,474,829)
Net cash flows from operating activities	(63,650,785)	1,242,301	(62,408,484)
Cash flows from noncapital financing activities:			
Contribution from (to) County	(15,829,360)	-	(15,829,360)
Owner distribution	(36,822)	-	(36,822)
Intergovernmental revenues received	70,666,419	2,068,776	72,735,195
Net cash flows from noncapital financing activities	54,800,237	2,068,776	56,869,013
Cash flows from capital and related financing activities:			
Purchase of capital assets	(6,239,651)	(5,537,587)	(11,777,238)
Proceeds from sale of capital assets	6,459,591	-	6,459,591
Interest paid	(665,522)	(1,770,181)	(2,435,703)
Issuance of debt	-	6,747,140	6,747,140
Debt principal paid	(2,118,405)	(842,910)	(2,961,315)
Net cash flows from capital and related financing activities	(2,563,987)	(1,403,538)	(3,967,525)
Cash flows from investing activities:			
Receipt of loan and advance repayments	2,242,937	-	2,242,937
Disbursement of loans and advances receivable, net	(2,890,515)	-	(2,890,515)
Maturity of investments	2,659,650	-	2,659,650
Interest and gain received on investments	924,044	425,534	1,349,578
Net cash flows from investing activities	2,936,116	425,534	3,361,650
Net (decrease) increase in cash and cash equivalents	(8,478,419)	2,333,073	(6,145,346)
Cash and cash equivalents, beginning of year	99,461,176	31,987,325	131,448,501
Cash and cash equivalents, end of year	$ 90,982,757	$ 34,320,398	$ 125,303,155

Reconciliation to statement of net position:	**Enterprise Fund**	**Component Units**	**Total Reporting Entity**
Cash in bank	$ 29,503,587	$ 9,352,523	$ 38,856,110
Cash on deposit with the County of Fairfax, Virginia	23,676,045	-	23,676,045
Cash deposits held in trust	6,360,684	1,406,270	7,766,954
Current cash reserves	8,418,023	-	8,418,023
Noncurrent cash reserves	23,024,418	23,561,605	46,586,023
Cash and cash equivalents	$ 90,982,757	$ 34,320,398	$ 125,303,155
Reconciliation of operating loss to net cash flows from operating activities			
Operating loss	$ (66,248,867)	$ (1,442,753)	$ (67,691,620)
Depreciation and amortization	3,944,715	1,440,245	5,384,960
Provision for doubtful accounts	100,676	-	100,676
Net pension liability and related outflows/inflows	1,008,362	-	1,008,362
Net OPEB liability and related outflows/inflows	195,412	-	195,412
Effects of changes in operating assets and liabilities:			
Accounts receivable	(2,741,046)	(59,199)	(2,800,245)
Prepaid items and other assets	(757,347)	(102,214)	(859,561)
Accounts payable and accrued liabilities	298,163	1,381,929	1,680,092
Deposits held in trust	170,350	6,930	177,280
Unearned revenue	378,797	17,363	396,160
Net cash flows from operating activities	$ (63,650,785)	$ 1,242,301	$ (62,408,484)
Noncash activities:			
Contributions from County	$ 749,428	$ -	$ 749,428
Gain on sale	$ 9,489,161	$ -	$ 9,489,161
Amortization of debt issuance costs	$ 11,492	$ 164,559	$ 176,051

Note 1—Summary of significant accounting policies

Organization Profile - These financial statements include the activities of the Fairfax County Redevelopment and Housing Authority (the "Authority" or "FCRHA"). The Authority administers various housing and community development programs within the County of Fairfax, Virginia (the "County"). The Authority is a political subdivision of the Commonwealth of Virginia created pursuant to Chapter 1 of Title 36 of the Code of Virginia of 1950, as amended, by resolution of the Board of Supervisors of Fairfax County and approved in a referendum of voters in the County on November 2, 1965. On February 23, 1966, the Board of Supervisors declared the Authority an activated entity. The powers, duties, and responsibilities of the Authority are set forth in Title 36 of the Code of Virginia of 1950, as amended. The Authority is established as a component unit of the County.

The accounting policies of the Authority conform to U.S. generally accepted accounting principles ("U.S. GAAP") as applicable to proprietary funds of governmental units. The following is a summary of the Authority's significant accounting policies.

Reporting Entity - As required by U.S. GAAP, the accompanying financial statements present the financial position and result of operations of the Authority (the primary government) and its component units. The financial results of the component units are included in the Authority's basic financial statements because of the significance of their operational or financial relationships with the Authority. The Authority and its component units are together referred to as the reporting entity.

With the exception of Little River Glen, the Authority's component units have December 31 year-ends, therefore the amounts included for these entities are as of and for the year end that falls within the year ended June 30, 2020. These component units also follow Financial Accounting Standards Board pronouncements and have not been converted for purposes of these financial statements, except for the classifications of net position, in accordance with U.S. GAAP. Separate financial statements for these component units can be obtained from the Authority.

Blended Component Units ("BCU") - The Authority is the general partner of seven real estate partnerships (Little River Glen; Herndon Harbor House I L.P; Herndon Harbor House II L.P; Fairfax County Redevelopment and Housing Authority/HCDC One, L.P.– ("Stonegate"); The Green, L.P.; Tavenner Lane L.P.; and Castellani Meadows L.P.) that are considered component units of the Authority for the same reasons discussed in the discretely presented component units below. However, because the Authority is not only the general partner, but also controls the limited partnership interests, they are considered blended component units.

Discretely Presented Component Units ("DCU") - Additionally, the Authority is also the general partner in five other real estate limited partnerships (Morris Glen L.P.; Gum Springs Glen L.P.; Cedar Ridge, L.P.; FCRHA Olley Glen, L.P.; and Murraygate Village L.P.). However, the limited partnership interests are held by third parties unrelated to the Authority. As the general partner, the Authority has certain rights and responsibilities, which enable it to impose its will on the limited partnerships. Additionally, the Authority is financially accountable for the limited partnerships as the Authority is legally obligated to fund operating deficits up to a maximum limit per partnership, in accordance with the terms of the partnership agreements.

On November 20, 2019, a new limited partnership, Original Mount Vernon High School LP, was created with a year end of December 31; however, no activity occurred during the year.

Note 1—Summary of significant accounting policies (continued)

Basis of Presentation - The accounts of the Authority are presented in single proprietary fund financial statements consisting of various programs. This financial statement presentation provides an indication of the financial performance of the Authority as a whole. The operations of the Authority are accounted for in the three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. These statements report information on all activities of the Authority and its component units. Likewise, the Authority is reported separately from legally separate component units for which the Authority is financially accountable.

The Authority's activities include the following programs:

The following two programs include programs provided by the County through its Department of Housing and Community Development ("HCD"). The HCD was established by the Board of Supervisors on December 12, 1973, to assume the administrative functions of the Authority and to function as the County's agency for administration of all housing and community development programs. In this action, the Board of Supervisors also established that the County Executive would be the Executive Director and the Secretary of the Authority.

- *Elderly Housing Programs* are used to account for the affordable rental housing owned by the Authority and occupied by the elderly.
- *Homeowners and Business Loan Program* is used to account for funds used to assist low and moderate income families to become homeowners in the County or to improve their current living space through repair or rehabilitation.

The Authority's other programs, described below, are financed primarily by federal grants from the U.S. Department of Housing and Urban Development ("HUD"), rents, and other user charges resulting from the operations of subsidized housing, development and financing fees, investment income, and loan proceeds. These funds provide rental housing, housing for the elderly/group homes, loans for home ownership and home improvement, tenant rental assistance, community development, and the development and administration of these programs. A description of each of these programs follows:

- *Housing Choice Voucher Program ("HCVP")* is a federal housing assistance program for lower income families seeking housing in the private market place. HUD provides funds to pay a portion of the family's rent.
- *FCRHA Operating Program* is used to account for projects and for real property that is not accounted for in other Authority programs. The primary source of revenues is management fees earned from partnership properties, monitoring and service fees charged to developers.
- *Rental Assistance Demonstration ("RAD") Program* is used to manage affordable rental housing acquired by the Authority and to maintain and preserve the units for long-term rental availability.
- *Private Finance Program* is used to budget and report costs for capital projects that are supported wholly or partially by funds borrowed by the Authority or through the Authority's sale of notes or bonds. Housing development and improvement projects may be financed with funds borrowed from private lenders, the Virginia Housing Development Authority ("VHDA"), or the federal government.
- *Fairfax County Rental Program* ('FCRP") is used to provide affordable rental housing in the County for low- and moderate-income families.
- *Grants and Projects Program* is used to account for the HUD Resident Opportunities and Self Sufficiency ("ROSS") grant and the State Rental Assistance Program contract ("SRAP").

Note 1—Summary of significant accounting policies (continued)

Measurement Focus and Basis of Accounting - The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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. The principal operating revenues of the Authority's enterprise fund are rental charges and other charges related to the use of property. The Authority also recognizes as operating revenues management and development fees, excess utility charges, and other tenant charges. Operating expenses include personnel services, contractual services, administrative expenses, utility expenses, ordinary repair and maintenance expenses, housing assistance payments, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as either nonoperating revenues or expenses or contributions.

Use of Estimates in Preparing Financial Statements - The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash - Cash in bank is maintained by the County's Investment and Cash Management Division ("ICM") in a separate bank account in order to comply with the provisions of bond indentures. Cash on deposit with the County of Fairfax, Virginia is also maintained by ICM in a single pooled account. Deposits held in trust reflect amounts collected as security deposits from tenants, as well as accrued interest on these deposits. Cash reserves primarily consist of restricted deposits and funded reserves for repairs and replacements required to be maintained under HUD and VHDA guidelines, as well as cash balances in accordance with certain bond indentures. All of the primary government's cash deposits are covered by federal depository insurance and have been fully insured or collateralized. 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 values. The County allocates, on a monthly basis, any temporary investment earnings, less an administrative charge, based on the Authority's average balance pooled cash and temporary investments.

Investments - The Authority 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 and attainment of a market rate of return. Oversight of the investment activity is the responsibility of the Investment Committee, which is comprised of the Deputy Directors, HCD, Director of Financial Management Division ("FMD"), Director of Real Estate Finance and Grants Management Division ("REFGM"), Associate Director, REFGM and Fiscal Administrators, FMD.

Authorized investments for public funds are set forth in the "Investment of Public Funds Act" of the Code of Virginia. Within the permitted statutory framework, the Authority limits the investment of assets to the money market accounts, certificates of deposit, and U.S. Treasury securities. 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. Certificates of deposit are reported at fair value.

Note 1—Summary of significant accounting policies (continued)

This investment policy applies to all financial assets of the Authority, all General Obligation bond funds, all funds deposited in the Authority's bank accounts, and the County's pooled cash. Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in bond documents. All Authority investments are held by the financial institution's trust department in its name and are collateralized by United States Government securities.

Cash and Cash Equivalents - For purposes of preparing the statement of cash flows, cash and cash equivalents include unrestricted cash in bank, cash on deposit with the County of Fairfax, Virginia, deposits held in trust, and restricted and unrestricted cash reserves. In addition, only the changes in the operating portion of assets and liabilities are accounted for in this statement's reconciliation of operating income (loss) to net cash flows from operating activities.

Accounts Receivable and Allowance for Doubtful Accounts - Receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable and the probability of collection.

Notes, Mortgages, and Other Receivables - Notes, mortgages, and other receivables are carried at amounts advanced, net of a reserve for uncollectible accounts, if any.

Property Held for Sale - Property held for sale are First-Time Homebuyers ("FTHB") program properties the Authority purchased for the purpose of resale to first-time homebuyers. The FTHB is designed to provide affordable homeownership opportunities for low- to moderate-income families who otherwise could not afford to purchase a home, and includes the Moderate Income Direct Sales Program, the Affordable Dwelling Unit Program, the First-Time Homebuyer Direct Sales Program and the Founders Ridge Program. Properties are recorded and valued at cost when acquired.

Applicants in the FTHB program are required to participate in homeownership education classes, obtain a pre-conditional approval from a lender, and meet other program eligibility criteria to participate in drawings to receive the opportunity to purchase these homes.

The repurchased properties generally undergo minor repairs and are put on the market for resale to first-time homebuyers within a year. New 30-year covenants are recorded on the properties at the time of resale to maintain affordable housing resources in Fairfax County for future residents.

Capital Assets - Capital assets, which include land, buildings and improvements, equipment, and construction in progress are reported in the financial statements at cost when purchased and at acquisition value when donated. Capital assets are defined by the Authority as assets with an initial individual cost of more than $5,000 and an estimated useful life of more than one year. Depreciation has been provided for in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated useful lives using the straight-line method. The estimated useful lives range from 15 to 28 years for buildings and improvements and from 5 to 15 years for equipment.

Deferred Outflows/Inflows of Resources - A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Authority recognizes deferred outflows related to pension and other post-employment benefits ("OPEB") for contributions made subsequent to the measurement date, changes in assumptions, differences between expected and actual experience, changes in proportion, and net differences between the projected and actual earnings on plan investments.

Note 1—Summary of significant accounting policies (continued)

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until the future period. The Authority recognizes deferred inflows related to pension and OPEB for changes in assumptions, differences between expected and actual experience, changes in proportion, and net differences between the projected and actual earnings on plan investments.

Compensated Absences - Employees are granted vacation and sick leave based on their length of service. Unused vacation leave is payable to employees upon termination based on the employees' current rate of pay, up to certain limits. Sick leave does not vest with the employees; however, it is converted to years of service upon retirement. In addition, 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, including certain additional employer-related fringe benefits, is used to calculate compensated absences accruals at June 30.

Pension and OPEB – Fairfax County administers multiple public employee retirement systems and OPEB plans. The net pension liability and associated deferred outflows of resources and deferred inflows of resources are reported with a one year lag when compared with the fiduciary net position as reported by the retirement systems and OPEB plans. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Detailed information about the Fairfax County Employees' Retirement System ("ERS") and the respective pension plan is found in Note 12. Information regarding the OPEB plan is found in Note 13.

Restricted Assets and Net Position - Restricted assets are liquid assets which have third-party limitations on their use. When both restricted and unrestricted resources are available for capital use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. In regard to operating reserves, it is the Authority's policy to use unrestricted resources first, and then restricted resources. In accordance with requirements of HUD and VHDA, the Authority is required to maintain certain restricted deposits and funded reserves for repairs and replacements.

Net position is displayed in three components:

- *Net Investment in Capital Assets* - This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- *Restricted Net Position* - This component of net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

- *Unrestricted Net Position* - This component of net position consists of net position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position."

Revenue Recognition - The Authority has entered into Annual Contributions Contracts with HUD to administer the HCVP, whereby monthly housing assistance payments are made to landlords on behalf of eligible lower income individuals and families. HUD makes monthly contributions for housing assistance payments and administration fees for the HCVP. In addition, the County makes annual contributions to various programs (e.g., Elderly Housing program) to support operational costs. Such contributions are reflected as intergovernmental revenue in the accompanying financial statements. Other intergovernmental revenues are reported under the legal contractual requirements of the individual programs.

Note 1—Summary of significant accounting policies (continued)

Intergovernmental revenues are recognized in the period in which all grant requirements are satisfied, which is typically when the Authority has expended the funds on allowable costs. Grant funds received in advance of satisfying all requirements are recorded as unearned revenue. Effective in FY 2006, HUD mandated that authorities who administer the HCVP should recognize revenue for Housing Assistance Payments ("HAP") based on the current year's budget received, rather than the methodology used in previous years of recognizing revenue based on expenditures incurred.

Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance are deferred until earned. The allowance method is used for write-offs. Delinquent tenant receivables that have reached the Code of Virginia Statute of Limitations for five years of collection effort are written off and all collection activities are discontinued unless a court judgment is obtained that extends this period of collection.

Note 2—Cash and cash equivalents

Cash deposits maintained in banks are covered by U.S. Federal Deposit Insurance and by collateral held by custodial banks in the Authority's name based upon the average daily funds available as determined by the banks.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities.

Custodial credit risk for deposits is the risk that in the event of a bank failure the Authority's deposits may not be returned to it. For the fiscal year ended June 30, 2020, the bank balance of the Authority's cash and cash equivalents was $87,892,140. All deposits were entirely insured or collateralized with securities held by the Authority's agent in the Authority's name as of June 30, 2020.

Note 3—Investments

As of June 30, 2020, the Authority had the following investment type:

	Amount	Weighted Average Maturity (Days)
Investment Type:		
Investment GIC	$ 459,816	
Certificates of deposit	4,900,000	
Total fair value	$ 5,359,816	
Portfolio weighted average maturity		201.50

Note 3—Investments (continued)

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

Credit Risk - The Authority'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 Authority limits its investments to the safest types of securities.

Concentration of Credit Risk - The Authority's investment policy limits the investment of assets to Money Market Accounts, Certificates of Deposit, and U.S. Treasury Securities.

Custodial Credit Risk - For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the Authority may not recover its deposits. In accordance with the Virginia Security for Public Deposits Act ("Act"), all of the Authority'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 Authority 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 Authority are insured or registered or are securities held by the Authority or its agent in the Authority's name.

Foreign Currency Risk - Per the Authority's policy, investments are limited to U.S. dollar denominated instruments.

Fair Value - The Authority categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurement as of June 30, 2020:

- Other equity securities of $459,816 are valued using quoted market prices (Level 2 inputs).

Note 4—Receivables

Accounts Receivable - Accounts receivable at June 30, 2020 consisted of the following:

Tenant receivable (net of allowances of $461,729)	$	664,880
Landlord and HCV tenant receivables (net of allowances of $407,068)		561,098
Due from U.S. Department of Housing and Urban Development		1,026,646
Management fee receivable		131,363
Accounts receivable (net of allowances of $211,105)		1,084,973
	$	3,468,960

Notes Receivable - Notes receivable at June 30, 2020 consisted of the following:

Note Holder	Terms	Outstanding Balance
Cedar Ridge LP	Secured note bearing interest at 5.01%, maturing October 1, 2048, principal and interest deferred until this date, interest will compound and be added to the outstanding principal balance of the loan annually.	$ 741,556
Homeowners and Business Loan Program	Unsecured and secured notes with varying interest rates and repayment terms. Allowance for uncollectible note is $1,019,954.	2,037,216
Cedar Ridge LP	Secured note bearing interest at 5.984%, maturing October 1, 2048, interest and principal payments beginning December 1, 2008 of $72,481 are due monthly.	11,703,212
Morris Glen	Unsecured notes, bearing interest at 3-month LIBOR rate plus 150 basis points maturing March 31, 2026, monthly payment of interest only is required.	681,381
FCRHA Olley Glen LP	Secured note bearing interest at 6.4%, maturing August 1, 2051. Interest only payments through July 1, 2011. Beginning August 1, 2011, interest and principal payments of $28,455 are due monthly. The principal pay down of $7.3 million took place on August 1, 2011.	4,597,683
Cedar Ridge LP	Secured note bearing interest at 4.25%, maturing April 1, 2022. Principal and interest payments of $13,190 due monthly through April 1, 2022.	350,904
FCRHA Olley Glen LP	Unsecured note bearing interest at 5.00%, maturing December 31, 2023.	308,527
FCRHA Olley Glen LP	Secured note bearing interest at 5% beginning on August 1, 2011 (0% until that date) and maturing August 1, 2051. Beginning May 1, 2012, interest and principal payments of $118,620 are due annually. Payment will be based on net cash flow and any amount not paid will be deferred and either paid with the next installment or deferred until sufficient net cash flow allows for payment or until maturity.	2,050,000

Note 4—Receivables (continued)

Notes Receivable (continued)

Note Holder	Terms	Outstanding Balance
The Green	Unsecured note bearing interest at 2.0%, maturing November 1, 2028, interest and principal payments payable upon demand. Allowance for uncollectible note is $151,475.	$ 153,656
Murraygate Village LP	Secured note, with principal to be paid through the tax credit equity received at rental achievement, anticipated for December 2021 and bearing 0% interest.	1,500,000
Murraygate Village LP	Secured note bearing interest at 7.5%, maturing November 1, 2060, principal and interest deferred until this date, interest will compound and be added to the outstanding principal balance of the loan annually.	7,860,121
Murraygate Village LP	Secured note bearing floating interest rate around an estimated 2%, maturing February 1, 2021, principal deferred until this date, interest paid monthly beginning August 1, 2019.	20,000,000
North Hill	Secured note bearing interest rate of 2%, maturing June 1, 2022, principal and interest deferred until this date, interest will compound and be added to the outstanding principal balance of the loan annually.	5,000,000
Total Notes Receivable		56,984,256
Less allowance for doubtful accounts		(1,171,429)
Less current notes		(20,462,339)
Noncurrent notes receivable, net of allowance for doubtful accounts		$ 35,350,488

Mortgages Receivable - Under the Authority's Home Improvement Loan Program, qualified County residents who are unable to obtain financing from commercial sources may be loaned funds by the Authority. At June 30, 2020, long-term home improvement loans receivable under this program were $26,440 bearing interest at varying rates up to 3%.

Certain BCU and DCU have accrued and recorded mortgage payables in the amount of $3,869,886 due to the Authority that are required to be paid with surplus cash. The Authority has recorded an allowance of $3,869,886, against the corresponding receivable, as the likelihood for collection is doubtful.

Other Receivables - Other receivables are funds provided for initial project costs, such as new site investigations, architectural and engineering plans, studies, etc. The initial costs are anticipated to be recovered from permanent project financing upon completion.

Note 4—Receivables (continued)

The following table provides a reconciliation of the notes, mortgages and other receivables to the statement of net position at June 30, 2020:

Notes receivable, current portion	$ 20,462,339
Notes receivable	36,521,917
Mortgages receivable	26,440
Other receivables	10,535
Less allowance for doubtful accounts	(1,171,429)
Long-term portion, net	35,387,463
Total notes, mortgages, and other receivables, net	$ 55,849,802

Note 5—Capital assets

The Enterprise Fund's capital asset activity for the year ended June 30, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	$ 39,064,907	$ 1,441,453	$ (1,969,939)	$ 38,536,421
Construction-in-progress	2,862,278	874,894	-	3,737,172
Total capital assets, nondepreciable	41,927,185	2,316,347	(1,969,939)	42,273,593
Capital assets, depreciable:				
Buildings and improvements	181,460,134	4,615,128	-	186,075,262
Equipment	813,864	94,494	(37,380)	870,978
Total capital assets, depreciable	182,273,998	4,709,622	(37,380)	186,946,240
Less accumulated depreciation:				
Buildings and improvements	(128,589,949)	(3,942,661)	-	(132,532,610)
Equipment	(1,142,297)	(2,054)	-	(1,144,351)
Total accumulated depreciation	(129,732,246)	(3,944,715)	-	(133,676,961)
Total depreciable capital assets, net	52,541,752	764,907	(37,380)	53,269,279
Total Enterprise Fund capital assets, net	$ 94,468,937	$ 3,081,254	$ (2,007,319)	$ 95,542,872

Note 5—Capital assets (continued)

The Component Unit's capital asset activity for the year ended December 31, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 7,830,684	$ -	$ -	$ 7,830,684
Construction-in-progress	1,525,738	492,383	-	2,018,121
Total capital assets, nondepreciable	9,356,422	492,383	-	9,848,805
Capital assets, depreciable:				
Buildings and improvements	43,381,361	4,955,311	-	48,336,672
Equipment	1,055,944	89,893	-	1,145,837
Total capital assets, depreciable	44,437,305	5,045,204	-	49,482,509
Less accumulated depreciation:				
Buildings and improvements	(16,050,817)	(1,427,123)	-	(17,477,940)
Equipment	(930,458)	-	-	(930,458)
Total accumulated depreciation	(16,981,275)	(1,427,123)	-	(18,408,398)
Total depreciable capital assets, net	27,456,030	3,618,081	-	31,074,111
Total Component Unit capital assets, net	$ 36,812,452	$ 4,110,464	$ -	$ 40,922,916

Note 6—Short-term and long-term obligations – loans, notes payable, and bonds payable

Notes Payable - Notes payable of enterprise funds consist of the following at June 30, 2020:

Note Holder	Terms	Outstanding Balance
United Bank	Secured by Faircrest North rental property, bearing interest at 6.21%, maturing December 1, 2021, principal and interest payments of $3,056 monthly.	$ 299,455
United Bank	Secured by Laurel Hill rental property, bearing interest at 6.21%, maturing December 1, 2021, principal and interest payments of $3,056 monthly.	299,454
United Bank	Secured by the Courts of Westcott Ridge rental property, bearing interest at 6.21%, maturing December 1, 2021, principal and interest payments of $4,023 monthly.	394,290
United Bank	Secured by Holly Acres rental property, bearing interest at 6.21%, maturing December 1, 2021, principal and interest payments of $943 monthly.	92,390
United Bank	Secured by Legato Corner rental property, bearing interest at 6.21%, maturing December 1, 2021, principal and interest payments of $5,472 monthly.	536,272
United Bank	Secured by Willow Oaks rental property, bearing interest at 6.21%, maturing December 1, 2021, principal and interest payments of $3,345 monthly.	327,846
Virginia Housing Development Authority	Secured by the First Stop Group Home property, bearing interest at 7.61%, maturing March 1, 2025, principal and interest payments of $3,234 monthly.	154,286
SunTrust Bank	Secured by HCDC One, LP (Stonegate) rental property, bearing interest at 6.16%, maturing January 8, 2024, principal and interest payments due monthly. Outstanding balance is net of unamortized deferred cost of $2,726.	403,490
United Bank	Secured by East Market rental property, bearing interest at 6.14%, maturing December 1, 2022, principal and interest payments of $619 monthly.	64,239

Note 6—Short-term and long-term obligations – loans, notes payable, and bonds payable (continued)

Notes Payable (continued)

Note Holder	Terms	Outstanding Balance
United Bank	Secured by East Market rental property, bearing interest at 6.14%, maturing December 1, 2022, principal and interest payments of $1,130 monthly.	$ 117,285
United Bank	Secured by Fair Oaks rental property, bearing interest at 6.14%, maturing December 1, 2022, principal and interest payments of $1,857 monthly.	192,720
United Bank	Secured by Bryson at Woodland Park rental property, bearing interest at 6.14%, maturing December 1, 2022, principal and interest payments of $2,033 monthly.	211,041
United Bank	Secured by Stockwell rental property, bearing interest at 6.11% and amortized over 30 years maturing July 1, 2024. Principal and interest payments of $1,680 monthly with a balloon payment of $150,841 due with final payment.	189,031
United Bank	Secured by North Hampton rental property, bearing interest at 6.11% and amortized over 30 years maturing July 1, 2024. Principal and interest payments of $2,318 monthly with a balloon payment of $208,197 due with final payments.	260,912
United Bank	Secured by Halstead I rental property, bearing interest at 6.11% and amortized over 30 years maturing July 1, 2024. Principal and interest payments of $875 monthly with a balloon payment of $78,576 due with final payment.	98,471
United Bank	Secured by Halstead II rental property, bearing interest at 6.11% and amortized over 30 years maturing July 1, 2024. Principal and interest payments of $806 monthly with a balloon payment of $72,409 due with final payment.	90,743
		3,731,925
Less current notes		298,582
Noncurrent notes payable		$ 3,433,343

Note 6—Short-term and long-term obligations – loans, notes payable, and bonds payable (continued)

Annual debt service requirements to maturity for notes payable are as follows:

Years Ending June 30:	Principal	Interest
2021	$ 298,582	$ 226,798
2022	2,021,364	152,579
2023	686,198	67,689
2024	697,582	42,741
2025	28,199	901
	$ 3,731,925	$ 490,708

Bonds Payable - Bonds payable consist of the following at June 30, 2020:

	Outstanding Balance
On August 29, 1996, on behalf of the Little River Glen project, the Authority issued Federal Housing Authority insured mortgage revenue bonds with an original principal amount of $6,340,000, and interest rates, which vary between 4.65% and 6.10%, with final payment due September 1, 2026, to advance refund the Elderly Bonds, Series 1989A, with an original principal amount of $6,120,000 and interest rate of 8.95%. The land, buildings, and equipment of the Little River Glen project are pledged as security for the bonds. The old bonds were fully redeemed in fiscal year 1999.	$ 2,605,000
In August 1997, on behalf of Herndon Harbor House I Limited Partnership, the Authority issued tax-exempt revenue bonds with a principal amount totaling $2,875,000 and interest rate of 6.35% with final payment due July 1, 2027. The land, building, and equipment of the Herndon Harbor House I Limited Partnership are pledged as security for the bonds. Proceeds from the bonds were loaned to the Herndon Harbor House I Limited Partnership to finance a portion of the cost for the acquisition, construction, and equipping of the rental facility. Outstanding balance is net of unamortized deferred cost of $11,696.	436,009
In May 1999, on behalf of Herndon Harbor House II Limited Partnership, the Authority issued Series 1999A Multifamily Housing Revenue Bonds with a principal amount totaling $2,000,000. The Series A, 1999 term bonds have an original principal amount of $225,000 with an interest rate of 4.875% with final payment due May 1, 2009. The Series A, 1999 term bond has an original principal payment amount of $1,775,000 with an interest rate of 6% with final payment due May 1, 2029. The land, building, and equipment of the Herndon Harbor House II Limited Partnership are pledged as security for the bonds. Proceeds from the bonds were loaned to the Herndon Harbor House II Limited Partnership to finance a portion of the cost for the acquisition, construction, and equipping of the rental facility. Outstanding balance is net of unamortized deferred cost of $45,068.	1,017,520

Note 6—Short-term and long-term obligations – loans, notes payable, and bonds payable (continued)

Bonds Payable (continued)

	Outstanding Balance
In April 1998, on behalf of Castellani Meadows Limited Partnership, the Authority issued tax-exempt revenue bonds with a principal amount totaling $1,700,000 and an interest rate of 5.25% with final payment due March 1, 2028. Prior to March 1, 2001, a principal payment in the amount of $825,000 was due, at which time the interest rate changed to 6.15% per annum. The land, building, and equipment of the Castellani Meadows Limited Partnership are pledged as security for the bonds. Proceeds from the bonds were loaned to the Castellani Meadows Limited Partnership to finance a portion of the cost for the acquisition, construction, and equipping of the rental facility. Outstanding balance is net of unamortized deferred cost of $16,246.	$ 405,717
In August 2008, on behalf of the FCRHA Olley Glen Limited Partnership, the Authority issued a tax-exempt multi-family housing revenue bond with a principal amount totaling $12,220,000 and an average coupon rate of 5.37% with final payment due August 1, 2051. Interest only is payable monthly through July 1, 2011. Beginning August 1, 2011, monthly payments of principal and interest of $28,455 are payable until the maturity date of the note. The note is collateralized by a first deed of trust on the senior rental property of the FCRHA Olley Glen Limited Partnership. Proceeds from the bonds were loaned to the FCRHA Olley Glen Limited Partnership to finance a portion of the cost for acquisition, construction, and equipping of the senior facility.	4,597,684
In March 2007, on behalf of Cedar Ridge Limited Partnership, the Authority issued a tax-exempt multi-family housing revenue bond with a principal amount totaling $13,200,000 and an interest rate of 5.984% with final payment due October 1, 2048. Interest only is payable monthly through November 1, 2008. Beginning on December 1, 2008, monthly payments of principal and interest of $72,481 are payable until the maturity date of the note. The note is collateralized by a first deed of trust on the rental property of the Cedar Ridge Limited Partnership. Proceeds from the bonds were loaned to the Cedar Ridge Limited Partnership to finance a portion of the cost for the acquisition, construction, and equipping of the rental facility.	11,703,211
In December 2018, on behalf of Murraygate Village Limited Partnership, the Authority issued a tax-exempt multi-family housing revenue bond with a principal amount totaling $20,000,000 and a floating interest rate estimated to be around 2% beginning August 1, 2019, with final payment due February 1, 2021. The note is collateralized by a first deed of trust on the rental property of the Murraygate Village Limited Partnership. Proceeds from the bonds were loaned to the Murraygate Village Limited Partnership to finance a portion of the cost for the acquisition, construction, and equipping of the rental facility.	20,000,000
	40,765,141
Less current bonds	20,710,537
Total noncurrent bonds payable	$ 20,054,604

Note 6—Short-term and long-term obligations – loans, notes payable, and bonds payable (continued)

Annual debt service requirements to maturity for bonds payable are as follows:

Years Ending June 30,	Principal	Interest
2021	$ 20,710,537	$ 1,792,776
2022	760,906	1,072,253
2023	807,235	1,027,071
2024	855,163	979,143
2025	914,796	928,227
2026 - 2030	3,375,655	3,903,483
2031 - 2035	2,248,042	3,247,854
2036 - 2040	2,989,518	2,574,728
2041 - 2045	3,975,227	1,677,356
2046 - 2050	3,792,600	539,679
2051 - 2052	335,462	11,398
	$ 40,765,141	$ 17,753,968

Notes Payable - FCRHA - Certain blended component units have notes payable to the Authority, which are not eliminated as the notes will be forgiven by the Authority in the future. As such, there is a zero net balance on the Authority's financial statements. The amount owed to the Authority by the blended component units at June 30, 2020 consists of:

Note Holder	Terms	Outstanding Balance
FCRHA	The HOME Loan, in the original principal amount of $659,000, was obtained by Herndon Harbor House I. The note is payable at maturity, including simple interest at 2% per annum, on August 1, 2027. The note is collateralized by a second deed of trust on the rental property.	$ 553,853
FCRHA	The CDBG Loan, in the original amount of $527,000, was obtained by Herndon Harbor House I. The note is payable at maturity, including simple interest at 2% per annum, on August 1, 2027. The note is collateralized by a third deed of trust on the rental property.	525,298
FCRHA	The Housing Trust Fund Loan, in the original principal amount of $1,827,433, was obtained by Herndon Harbor House I. The note is payable at maturity, including simple interest at 2% per annum, on August 1, 2027. The note is collateralized by a fourth deed of trust on the rental property.	1,573,719

Note 6—Short-term and long-term obligations – loans, notes payable, and bonds payable (continued)

Notes Payable - FCRHA (continued)

Note Holder	Terms	Outstanding Balance
FCRHA	Secured by HCDC One, LP (Stonegate) rental property, bearing interest at 1%, maturing April 1, 2024, principal and interest payments due monthly.	$ 1,436,400
FCRHA	The loan payable to RHA, one of the general partners, represents $270,500 in CDBG funds advanced to Stonegate to assist in financing renovation of the property. The amount is non-repayable, unless the property ceases to be used for the purpose of providing affordable housing to qualified tenants.	270,500
FCRHA	The CDBG Loan, in the original amount of $880,000, was obtained by Castellani Meadows. The note is payable at maturity, including simple interest at 4% per annum, on April 1, 2028. The note is collateralized by a third deed of trust on the rental property.	208,211
FCRHA	The HOME Loan, in the original principal amount of $1,040,000, was obtained by Castellani Meadows. The note is payable at maturity, including simple interest at 4% per annum, on April 1, 2028. The note is collateralized by a fourth deed of trust on the rental property.	1,018,922
FCRHA	The FCRHA Loan for The Green rental property bears interest at 2%, maturing November 1, 2028, principal payments due at maturity.	22,360
FCRHA	The FCRHA Loan for The Green rental property bears interest at 2%, maturing November 1, 2028, principal payments due at maturity.	108,397
FCRHA	The Housing Trust Fund Loan is secured by The Green rental property, bearing interest at 3.37%, maturing November 1, 2028 principal and interest payments due monthly.	907,267
FCRHA	The Comprehensive Grant Fund Loan is secured by The Green rental property, bearing interest at 3.37%, maturing November 1, 2028 principal and interest payments due monthly.	325,484
FCRHA	Secured by Tavenner rental property, bearing interest at 7.21%, maturing January 1, 2027, principal and interest payments due at maturity.	787,535

Note 6—Short-term and long-term obligations – loans, notes payable, and bonds payable (continued)

Notes Payable - FCRHA (continued)

Note Holder	Terms	Outstanding Balance
FCRHA	Secured by Tavenner rental property, non interest-bearing, maturing January 1, 2027, principal payments due at maturity.	$ 462,411
FCRHA	Secured by Tavenner rental property, non interest-bearing, maturing January 1, 2027, principal payments due at maturity.	315,745
FCRHA	Secured by Herndon Harbor House II rental property, bearing interest at 2.0%, maturing May 1, 2029, principal and interest payments due at maturity.	437,000
FCRHA	Secured by Herndon Harbor House II rental property, bearing interest at 2.0%, maturing May 1, 2029, principal and interest payments due at maturity.	2,562,061
FCRHA	Secured by Herndon Harbor House II rental property, bearing interest at 2.0%, maturing May 1, 2029, principal and interest payments due at maturity.	60,021
		11,575,184
Less current notes		-
Noncurrent notes payable		$ 11,575,184

Annual debt service requirements to maturity for notes payable are as follows:

Years Ending June 30,	Principal	Interest
2021	$ -	$ -
2022	-	-
2023	-	-
2024	1,436,400	421,344
2025	-	-
2026 - 2029	9,868,284	8,931,981
Thereafter	270,500	-
	$ 11,575,184	$ 9,353,325

Note 6—Short-term and long-term obligations – loans, notes payable, and bonds payable (continued)

Changes in Short-Term and Long-Term Liabilities - The Enterprise Fund's long-term liability activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 41,437,837	$ -	$ (672,696)	$ 40,765,141	$ 20,710,537
Notes payable	4,871,634	-	(1,139,709)	3,731,925	298,582
Notes payable - FCRHA	11,881,184	-	(306,000)	11,575,184	-
Less: unamortized debt issuance costs related to BCU	(75,736)	-	11,492	(64,244)	-
Net Enterprise Fund Debt	$ 58,114,919	$ -	$ (2,106,913)	$ 56,008,006	$ 21,009,119

Bonds payable - In the event of default, the trustee, upon written request of the bondholders, may (a) declare the principal of all bonds then outstanding and the interest accrued thereon immediately due and payable and (b) take whatever legal proceedings considered necessary to collect on the outstanding amounts.

Notes payable - In the event of default, the holder shall have the right to (a) accelerate the indebtedness during any default by the undersigned regardless of any prior forbearance, and (b) in some instances, require the borrower to promptly convey the property to the lender by deed in lieu of foreclosure.

Long-Term Liabilities - Component Units - These liabilities represent primarily non-recourse debt of each of the limited partnerships, which is collateralized by the land, buildings, and equipment of each limited partnership and having varying repayment terms and interest rates ranging from 1.00% to 9.25%.

Defeasance of Debt Obligation- During the fiscal year, the Authority defeased an outstanding debt obligation by placing funds in an irrevocable escrow fund to provide for all future debt service payments on the specific debt obligation. Accordingly, the escrow fund asset and liability for the defeased debt obligation are not included in the financial statements. As of June 30, 2020, the outstanding debt obligation considered defeased but not yet fully paid off is $744,000.

Note 6—Short-term and long-term obligations – loans, notes payable, and bonds payable (continued)

FCRHA Notes Payable - In the event of default, the holder may, at its option, (a) accelerate the unpaid balance of the indebtedness, together with all unpaid and accrued interest thereon and other amounts outstanding in connection therewith, to be immediately due and payable; (b) exercise any or all rights and remedies available to it hereunder, under applicable laws and under any of the loan document, and (c) in some instances, take possession of the project and make all decisions and payments necessary to maintain the project's operations.

The Component Units' long-term liability activity for year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 41,437,837	$ -	$ (672,696)	$ 40,765,141	$ 20,710,537
Notes payable	4,871,634	-	(1,139,709)	3,731,925	298,582
Notes payable - FCRHA	11,881,184	-	(306,000)	11,575,184	-
Less: unamortized debt issuance costs related to BCU	(75,736)	-	11,492	(64,244)	-
Net Enterprise Fund Debt	$ 58,114,919	$ -	$ (2,106,913)	$ 56,008,006	$ 21,009,119

The annual principal requirements of the component units' long-term debt are as follows:

Years Ending December 31,	Principal
2020	$ 1,153,083
2021	20,643,022
2022	566,299
2023	545,121
2024	574,759
Thereafter	47,235,283
	$ 70,717,567

Note 7—Changes in compensated absences payable

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences payable	$ 1,233,740	$ 712,346	$ 613,870	$ 1,332,216	$ 726,328

Note 8—Tax credit limited partnerships

The tax credit program is the result of Federal legislation that allows investors certain incentives for investing in low-income housing. Under terms of the federal tax code and extended use agreements with the State of Virginia, the buildings must continue to serve the targeted population for 30 years; after 15, years the Authority has the option to purchase the property from the partnership.

Tax Credit Limited Partnerships are created to finance and own affordable housing. The Authority acts as Managing General Partner of each partnership. Although each tax credit limited partnership is structured differently, they are generally financed via loans to the partnership, contributions of equity by the general and limited partners, and other sources. In some transactions, the Authority issues bonds and loans the proceeds to the tax credit limited partnership. Tax-exempt bond issuances are secured by the underlying partnership real estate and, in some cases, by the general revenues of the Authority. The Authority may receive grant funds or other loans to assist in purchasing the properties and in preserving affordability within the projects.

Note 9—Conduit debt

The Authority is empowered by the Commonwealth of Virginia 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 is paid entirely by the owners of the properties, which have entered into binding contracts to develop or rehabilitate the subject property. The terms of the tax-exempt bonds stipulate that neither the Authority nor the County guarantee the repayment of principal and interest to the bondholders. The bondholders' sole remedy in the event of default on the tax-exempt bonds is the subject property and third-party beneficiaries. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2020, the cumulative total of bonds outstanding under the Authority's name was $43,455,807.

From 2006 through 2015, the FCRHA issued a total of $40,600,000 of bond anticipation notes to partially finance the purchase of a multi-family rental housing complex as part of the County's affordable housing initiative. In February 2015, the FCRHA authorized securing a taxable direct bank loan of $18.5 million to current refund of $21.47 million of current outstanding Series 2013 bond anticipation notes. The loan matured on March 1, 2018, and was repaid through the issuance of Series 2018A taxable bonds in the amount of $13.68 million and funding available in the County's Penny for Affordable Housing capital projects fund. The Series 2018A bonds bear an average interest rate of 2.78% and mature on October 1, 2022.

In November 2007, the FCRHA issued a $105,485,000 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 the $104,105,000 refunding bond anticipation note (Series 2008B). In August 2009, the FCHRA issued $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 Bond bears an average interest rate of 4.53% and matures 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 the note, have been recorded in the County's financial statements and not in those of the FCRHA. The note is not a general obligation debt of the FCRHA, and the full faith and credit of the FCRHA is not pledged to the note.

Note 9—Conduit debt (continued)

On December 14, 2018, the FCRHA issued $30,000,000 of Multifamily Housing Revenue Bonds. The tax-exempt bonds have provided funding for the acquisition and rehabilitation of a 221-unit project known as Parkwood Apartments. The project is owned by Parkwood Venture LP. FCRHA is a conduit issuer for these bonds and the bondholders will be paid solely from the project's revenues. The Bond bears an initial interest rate of 2.21% and matures on February 1, 2021. The bond was redeemed subject to optional redemption prior to its maturity, at the discretion of the borrower, on August 1, 2020, the Initial Mandatory Tender Date ("IMTD").

Note 10—Contingencies

The Authority, as the general partner of the tax credit limited partnerships reported as discretely presented component units, is responsible for ensuring that the partnerships maintain the properties as qualified low income housing projects for a period of 15 years (the tax credit compliance period). In the event that the qualified status of the properties is not maintained for the full period of 15 years, the Authority is contingently liable for the payment of certain special distributions to the limited partners. The amount of these distributions, if any, is to be determined using a formula based on the amount of tax credits that are disallowed. The maximum amount of this distribution is not to exceed the amount contributed by the limited partners to the partnership, plus any penalties and interest costs incurred as a result of the disqualification.

The Authority originated various deferred loans to the limited partnerships to help build, acquire, or rehabilitate properties. The funding source for these loans include the Federal Community Development Block Grant program, HOME program, and other County or FCRHA funds. The loans, along with accrued interest, are due and payable to the FCRHA well beyond the tax compliance period, year 16, of the partnerships. As a result, the loans are anticipated to be defeased at the end of the tax compliance period, as the partnership conveys to the Authority, as General Partner, the non-cash fair value of the property for the Authority's use.

The Authority receives grant funds, principally from the federal government, for various programs. Certain expenses of these funds are subject to audit by the grantor and the reporting entity is contingently liable to refund amounts received in excess of allowable expenses. The management of the Authority believes that any possible disallowed expenses arising from such an audit, if any, would not have a material adverse impact on the Authority's net position as of June 30, 2020.

In March 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result of the spread of COVID-19, economic uncertainties have occurred that could negatively impact the Authority's assets, revenue and operations for an indeterminable period of time. Other financial impacts could occur that are unknown at this time.

Note 11—Risk management

The FCRHA 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 citizens; and natural disasters. For all of these risks, the FCRHA participates in the County's insurance program, which includes self-insurance and the purchase of certain commercial insurance policies, the costs of which are borne by the County. There were no claim settlements in excess of insurance coverage in any of the past three fiscal years. Information regarding the County's insurance program is available in the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

Note 12—Retirement plans

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

Benefits Provided - Benefit provisions are established and may be amended by County ordinances, including member contribution rates. All benefits vest at five years of creditable service. Members who were hired before January 1, 2013 may elect to join Plan A or Plan B, and members who were hired on or after January 1, 2013 may elect to join Plan C or Plan D. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of creditable service, (b) for Plans A and B, attain the age of 50 with age plus years of creditable service being greater than or equal to 80, or (c) for Plans C and D, attain the age of 55 with age plus years of service being greater than or equal to 85. The normal retirement benefit is calculated using average final compensation (i.e., the highest 78 consecutive two week pay periods or the highest 36 consecutive monthly pay periods) and years (or partial years) of creditable service at date of termination. In addition, if normal retirement occurs before Social Security benefits are scheduled to begin, an additional monthly benefit is paid to retirees. 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 Deferred Retirement Option Program ("DROP") entry. The benefit for early retirement is actuarially reduced and payable at early termination.

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

Contributions - All contribution requirements for ERS are established and may be amended by County ordinances, including member contribution rates. Plan A and Plan C require member contributions of 4.0% of compensation up to the Social Security wage base and 5.33% of compensation in excess of the wage base. Plan B and Plan D require member contributions of 5.33% of compensation. The County establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2020 was 28.35%. Since the ERS's adjusted funded ratio (the ratio of the sum of the actuarial value of assets and commitments already made to fund change to the actuarial accrued liability) fell below 90%, the contribution rate includes a margin to amortize this shortfall back to the 90% level. For fiscal year 2020, the amortization target was increased to 100%. The employer contribution made during the measurement period of the liability was $3,319,022. The 2020 employer contribution totaled $3,776,332.

Note 12—Retirement plans (continued)

Net Pension Liability - The ERS calculated Total Pension Liability based on participant data collected as of December 31, 2018 and an actuarial valuation as of June 30, 2019, using the entry age actuarial cost method, with a measurement date of June 30, 2019. The proportionate share for the Authority is 1.5733%, a decrease of .1383% from the prior year. At June 30, 2020, the Authority reported a liability of $26,558,797 for its proportionate share of the net pension liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2020, the Authority recognized pension expense of $4,784,694. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,231,560	$ 546,763
Change in assumptions	359,613	-
Net differences between projected and actual earning on pension plan investments	1,462,271	-
Change in proportion applicable to Authority	641,715	1,597,948
Authority contributions subsequent to the measurement date	3,776,332	-
	$ 7,471,491	$ 2,144,711

The $3,776,332 reported as deferred outflows of resources related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Actuarial Assumptions - The ERS calculated Total Pension Liability based on participant data collected as of December 31, 2018 and an actuarial valuation as of June 30, 2019, using the entry age actuarial cost method, with a measurement date of June 30, 2019. Significant actuarial assumptions used in the valuation included:

Years Ending June 30,	Amount
2021	$ 1,263,715
2022	378,433
2023	84,966
2024	(176,666)
	$ 1,550,448

Note 12—Retirement plans (continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

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

Best estimates of arithmetic long-term real rates of return for each major asset class included in the ERS's target asset allocation as of June 30, 2020 are summarized below.

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
US Equity	5.60%	16.00%
US Small Cap Equity	7.80%	4.00%
International Dev.	5.60%	7.00%
International EM	10.10%	3.00%
Private Equities	14.40%	2.00%
Core Bonds	2.10%	25.00%
High Yield	4.60%	10.00%
Global Bonds	0.90%	5.00%
Emerging Markets Debt	4.80%	2.00%
Real Estate	6.80%	8.00%
Absolute Return	11.30%	20.00%
Risk Parity	6.50%	15.00%
Commodities	5.90%	5.00%
Cash	1.00%	3.00%

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made according to the County's stated policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A schedule of funding progress can be found in the required supplementary information section of the report.

Note 12—Retirement plans (continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the authority share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Authority's proportionate share of total pension liability	$ 101,955,824	$ 91,118,274	$ 82,037,450
Authority's proportionate share of plan fiduciary pension net position	64,529,477	64,529,477	64,529,477
Authority's proportionate share of net pension liability	$ 37,426,347	$ 26,588,797	$ 17,507,973
Plan fiduciary net position as a percentage of the total pension liability	63.3%	70.8%	78.7%

Pension Plan Fiduciary Net Position - The retirement system is considered a part of the County's reporting entity and the system's financial statements are included in the County's basic financial statements as a trust fund.

Information concerning ERS as a whole, including pension plan's fiduciary net position, is available in the County CAFR for the fiscal year ended June 30, 2020. Additionally, the ERS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Employees' Retirement System, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, Virginia 22033, or by calling (703) 279-8200. The reports are also available online:

Retirement System CAFR: https://www.fairfaxcounty.gov/retirement/financial-publications
Fairfax County CAFR: https://www.fairfaxcounty.gov/finance/financialreporting/comprehensiveannualfinancialreport

Note 13—Other postemployment benefits

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

http://www.fairfaxcounty.gov/finance/financialreporting/comprehensiveannualfinancialreport

Note 13—Other postemployment benefits (continued)

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

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

Contributions to the plan are made by appropriation from the Board based on their commitment to fund an actuarially determined amount. The authority's contribution for fiscal year 2020 was $328,598. Plan members are not required to contribute.

Assumptions - Total OPEB Liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	7.0%, net of OPEB plan, investment expense, including inflation
Retirement Age	Varies by age and pension plan
Mortality	RP-2014 Mortality table fully generational projected using scale MP-2018. Disabled mortality is assumed to be RP-2014. Disabled mortality table fully generational using scale MP-2018.
Healthcare Cost Trend Rate	7.6%-10.6% decreasing to 4.3%

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for fiscal years 2010 - 2015.

Investments - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense, and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class and target allocations as of June 30, 2020 are as follows:

Note 13—Other postemployment benefits (continued)

Asset Class	Expected Real Rate of Return	Target Allocation
Domestic Equity (Large Cap)	6.80%	26.00%
Domestic Equity (Small Cap)	7.30%	10.00%
International Equity	7.50%	13.00%
Emerging Markets Equity	8.10%	5.00%
Core US Fixed Income	3.10%	7.00%
Corporate Fixed Income	3.80%	14.00%
Hedge Funds	4.60%	10.00%
Real Estate	5.10%	7.00%
Private Equity	9.60%	5.00%
Commodities	4.70%	3.00%

There are no concentrations in any one organization that represent 5% or more of the fiduciary net position in the plan. The plan's funds are invested in domestic and international equity and fixed income funds through the Virginia Pooled OPEB Trust Fund established as the investment vehicle for participating employers. Further information about the Virginia Pooled OPEB Trust Fund sponsored by VML/VACo, including financial statements, can be obtained by writing to VML/VACo. Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

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

Net OPEB Liability - Net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. Authority's net OPEB liability is determined by Authority's proportional share of the OPEB plan participation and was 1.69%, a decrease of 0.02% from the prior year. The components of the net OPEB liability at June 30, 2020 are as follows:

Total OPEB Liability	$	7,943,564
Plan Fiduciary Net Position (Market Value of Assets)		(5,489,790)
Net OPEB Liability	$	2,453,774
Plan fiduciary net position as a percentage of the OPEB liability		69.11%

Sensitivity Analysis - The following represents net OPEB liability using the 7.0% discount rate, as well as what the liability would be if the discount rate were decreased or increased by 1.0%.

Note 13—Other postemployment benefits (continued)

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Total OPEB Liability	$ 9,269,188	$ 7,943,564	$ 6,896,069
Plan Fiduciary Net Position	(5,489,790)	(5,489,790)	(5,489,790)
Net OPEB Liability	$ 3,779,398	$ 2,453,774	$ 1,406,279

The following represents net OPEB liability calculated using the healthcare trend rates (7.60% - 10.60% decreasing to 4.30%), as well as the impacts of calculating the rates at one percentage point lower (6.70% - 9.60% decreasing to 3.30%) or one percentage point higher (8.6% - 11.60% decreasing to 5.30%):

	1% Decrease (Varied decreasing to 3.3%)	Trend Rate (Varied decreasing to 4.3%)	1% Increase (Varied decreasing to 5.3%)
Total OPEB Liability	$ 6,674,592	$ 7,943,564	$ 9,608,177
Plan Fiduciary Net Position	(5,489,790)	(5,489,790)	(5,489,790)
Net OPEB Liability	$ 1,184,802	$ 2,453,774	$ 4,118,387

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the Authority recognized OPEB expense of $524,010. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 299,173	$ 130,278
Change in assumptions	1,449,882	232,096
Net difference between projected and actual earnings on OPEB plan investment	-	51,646
Change in proportion	-	111,007
Contributions subsequent to the measurement date	328,598	-
	$ 2,077,653	$ 525,027

The $328,598 reported as deferred outflows of resources related to OPEB resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021.

Note 13—Other postemployment benefits (continued)

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

Years Ending June 30,		
2021	$	159,979
2022		159,979
2023		202,006
2024		222,153
2025		213,179
Thereafter		266,732
	$	1,224,028

Note 14—Condensed combining information for blended component units

	Blended Component Units											
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	The Green	Castellani Meadows	Tavenner Lane	Herndon Harbor House II	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
ASSETS												
Current Assets:												
Cash in bank	$ 1,860,652	$ 964,349	$ 4,147,588	$ 192,919	$ 373,940	$ 302,222	$ 454,333	$ -	8,296,003	$ 53,301,652	$ -	$ 61,597,655
Investments	459,816	-	-	-	-	-	-	-	459,816	4,900,000	-	5,359,816
Restricted deposits held in trust	68,308	27,132	182,728	74,656	14,170	11,870	29,514	-	408,378	5,952,306	-	6,360,684
Notes receivable, current	-	-	-	-	-	-	-	-	-	22,321,585	(1,859,246)	20,462,339
Other current assets	134	1,419	94,312	27,466	-	30,975	-	-	154,306	910,584	-	1,064,890
Accounts receivable, net of allowances	3,910	70	987	67,019	15,872	9,727	2,074	-	99,659	3,784,000	(414,699)	3,468,960
Total Current Assets	2,392,820	992,970	4,425,615	362,060	403,982	354,794	485,921	-	9,418,162	91,170,127	(2,273,945)	98,314,344
Noncurrent Assets:												
Restricted cash reserves	1,321,581	269,504	1,316,399	258,576	141,630	199,062	496,042	-	4,002,794	19,021,624	-	23,024,418
Notes receivable, net of current	-	-	-	-	-	-	-	-	-	35,387,463	-	35,387,463
Other noncurrent assets	-	-	-	-	-	-	-	-	-	2,557,419	-	2,557,419
Total Noncurrent Assets	1,321,581	269,504	1,316,399	258,576	141,630	199,062	496,042	-	4,002,794	56,966,506	-	60,969,300
Land and land improvements	1,035,634	-	2,484,121	246,400	214,040	446,598	737,559	-	5,164,352	33,372,069	-	38,536,421
Construction in progress	-	-	-	-	-	-	-	-	-	3,737,172	-	3,737,172
Buildings and improvements	10,011,007	5,759,702	14,336,492	4,605,181	2,696,247	3,063,767	5,858,138	-	46,330,534	139,744,728	-	186,075,262
Equipment	-	51,646	14,321	214,367	298,871	21,592	255,134	-	855,931	15,047	-	870,978
Accumulated depreciation	(9,922,062)	(3,030,447)	(12,912,059)	(2,656,408)	(1,860,872)	(1,828,403)	(3,369,817)	-	(35,580,068)	(98,096,893)	-	(133,676,961)
Total Capital Assets	1,124,579	2,780,901	3,922,875	2,409,540	1,348,286	1,703,554	3,481,014	-	16,770,749	78,772,123	-	95,542,872
Total Noncurrent Assets	2,446,160	3,050,405	5,239,274	2,668,116	1,489,916	1,902,616	3,977,056	-	20,773,543	135,738,629	-	156,512,172
Total Assets	$ 4,838,980	$ 4,043,375	$ 9,664,889	$ 3,030,176	$ 1,893,898	$ 2,257,410	$ 4,462,977	$ -	$ 30,191,705	$ 226,908,756	$ (2,273,945)	$ 254,826,516

Note 14—Condensed combining information for blended component units (continued)

	Blended Component Units											
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	The Green	Castellani Meadows	Tavenner Lane	Herndon Harbor House II	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
DEFERRED OUTFLOWS OF RESOURCES	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 269,990	$ 269,990	$ 9,279,154	$ -	$ 9,549,144
LIABILITIES AND NET POSITION												
Current Liabilities:												
Accounts payable and accrued liabilities	112,602	20,076	60,795	218,314	1,660	83,454	49,576	-	546,477	3,620,919	(326,697)	3,840,699
Deposits held in trust	68,308	26,715	181,292	24,728	10,384	8,783	27,085	-	347,295	1,515,204	-	1,862,499
Unearned revenue	41,444	-	6,359	4,627	3,899	9,624	-	-	65,953	1,295,414	-	1,361,367
Accrued compensated absences	30,066	-	-	-	-	-	-	-	30,066	696,262	-	726,328
Current portion long-term debt, net	305,000	460,015	89,662	-	420,576	-	1,061,107	-	2,336,360	20,620,007	(1,947,248)	21,009,119
Total Current Liabilities	557,420	506,806	338,108	247,669	436,519	101,861	1,137,768	-	3,326,151	27,747,806	(2,273,945)	28,800,012
Noncurrent Liabilities:												
Noncurrent portion long-term debt, net	2,300,000	2,642,735	2,020,728	1,363,508	1,219,502	1,565,690	3,018,142	-	14,130,305	20,868,582	-	34,998,887
Net pension liability	-	-	-	-	-	-	-	890,739	890,739	25,698,058	-	26,588,797
Net OPEB liability	-	-	-	-	-	-	-	23,255	23,255	2,430,519	-	2,453,774
Other noncurrent liabilities	44,726	1,319,095	374,661	1,074,250	1,864,338	3,087,512	1,209,742	-	8,974,324	561,161	-	9,535,485
Total Noncurrent Liabilities	2,344,726	3,961,830	2,395,389	2,437,758	3,083,840	4,653,202	4,227,884	913,994	24,018,623	49,558,320	-	73,576,943
Total Liabilities	2,902,146	4,468,636	2,733,497	2,685,427	3,520,359	4,755,063	5,365,652	913,994	27,344,774	77,306,126	(2,273,945)	102,376,955
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	76,825	76,825	2,592,913	-	2,669,738
Net Position (Deficit):												
Net investment in capital assets	(1,480,421)	(321,849)	1,812,485	1,046,032	(291,792)	137,864	(598,235)	-	304,084	75,443,674	1,947,248	77,695,006
Restricted	1,781,397	269,921	1,317,835	308,504	145,416	202,149	498,471	-	4,523,693	25,347,251	-	29,870,944
Unrestricted	1,635,858	(373,333)	3,801,072	(1,009,787)	(1,480,085)	(2,837,666)	(802,911)	(720,829)	(1,787,681)	55,497,946	(1,947,248)	51,763,017
TOTAL NET POSITION (DEFICIT)	$ 1,936,834	$ (425,261)	$ 6,931,392	$ 344,749	$ (1,626,461)	$ (2,497,653)	$ (902,675)	$ (720,829)	$ 3,040,096	$ 156,288,871	$ -	$ 159,328,967

Note 14—Condensed combining information for blended component units (continued)

	Blended Component Units											
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	The Green	Castellani Meadows	Tavenner Lane	Herndon Harbor House II	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
Operating Revenues:												
Rental	$ 1,305,367	$ 671,236	$ 2,271,542	$ 570,843	$ 240,132	$ 192,113	$ 683,114	$ -	$ 5,934,347	$ 26,327,987	$ (399,424)	$ 31,862,910
Other	868	35,241	255,297	98,244	2,808	29,590	42,486	-	464,534	4,055,001	(501,101)	4,018,434
Total Operating Revenues	1,306,235	706,477	2,526,839	669,087	242,940	221,703	725,600	-	6,398,881	30,382,988	(900,525)	35,881,344
Operating Expenses:												
Personnel services	766,891	101,634	427,024	119,328	19,309	52,824	95,414	36,385	1,618,809	18,836,132	-	20,454,941
Contractual services	-	11,210	12,060	7,473	7,473	4,500	11,550	-	54,266	259,784	-	314,050
Utilities	143,321	67,467	270,131	162,285	1,220	46,497	-	-	690,921	4,254,081	-	4,945,002
Repairs and maintenance	297,310	160,182	588,783	300,893	59,798	67,261	149,258	-	1,623,485	6,971,514	-	8,594,999
Other supplies and expenses	32,326	150,871	341,821	323,689	92,789	41,695	232,527	-	1,215,718	5,417,769	(501,101)	6,132,386
Housing assistance payments	-	-	-	-	-	-	-	-	-	58,143,542	(399,424)	57,744,118
Depreciation and amortization	7,251	149,435	479,942	115,694	70,414	75,426	146,320	-	1,044,482	2,900,233	-	3,944,715
Total Operating Expenses	1,247,099	640,799	2,119,761	1,029,362	251,003	288,203	635,069	36,385	6,247,681	96,783,055	(900,525)	102,130,211
Operating Income (Loss)	59,136	65,678	407,078	(360,275)	(8,063)	(66,500)	90,531	(36,385)	151,200	(66,400,067)	-	(66,248,867)
Nonoperating Revenues (Expenses):												
Intergovernmental revenue	260,598	-	236,304	236,407	-	64,866	-	-	798,175	69,868,244	-	70,666,419
Owner distribution	-	-	(36,822)	-	-	-	-	-	(36,822)	-	-	(36,822)
Interest income	67,350	2,145	12,477	190	71	918	130	-	83,281	840,763	-	924,044
Gain on sale	-	-	-	-	-	-	-	-	-	9,489,161	-	9,489,161
Contribution from County	-	-	-	-	-	-	-	-	-	1,497,804	-	1,497,804
Contribution to County	-	-	-	-	-	-	-	-	-	(16,577,736)	-	(16,577,736)
Interest expense	(167,674)	(86,737)	(44,691)	(44,159)	(94,656)	(262,171)	(134,270)	-	(834,358)	(217,128)	-	(1,051,486)
Total Nonoperating Revenues (Expenses), net	160,274	(84,592)	167,268	192,438	(94,585)	(196,387)	(134,140)	-	10,276	64,901,108	-	64,911,384
Change in net position	219,410	(18,914)	574,346	(167,837)	(102,648)	(262,887)	(43,609)	(36,385)	161,476	(1,498,959)	-	(1,337,483)
Net position (deficit), beginning of year	1,717,424	(406,347)	6,357,046	512,586	(1,523,813)	(2,234,766)	(859,066)	(684,444)	2,878,620	157,787,830	-	160,666,450
Net position (deficit), end of year	$ 1,936,834	$ (425,261)	$ 6,931,392	$ 344,749	$ (1,626,461)	$ (2,497,653)	$ (902,675)	$ (720,829)	$ 3,040,096	$ 156,288,871	$ -	$ 159,328,967

Note 14—Condensed combining information for blended component units (continued)

	Blended Component Units											
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	The Green	Castellani Meadows	Tavenner Lane	Herndon Harbor House II	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
Cash flows from operating activities:												
Cash received from tenants	$ 1,308,533	$ 671,261	$ 2,274,587	$ 502,796	$ 229,020	$ 155,845	$ 682,555	$ -	$ 5,824,597	$ 24,290,100	$ (399,424)	$ 29,715,273
Cash received for services/fees	868	35,241	495,334	98,244	2,808	29,590	42,486	-	704,571	3,907,251	(501,101)	4,110,721
Purchase of property held for sale	-	-	-	-	-	-	-	-	-	(2,099,911)	-	(2,099,911)
Cash received from sale of property held for sale	-	-	-	-	-	-	-	-	-	1,976,992	-	1,976,992
Payments to employees for services	(766,892)	(101,634)	(427,024)	(119,328)	(19,309)	(52,824)	(95,414)	-	(1,582,425)	(17,524,902)	-	(19,107,327)
Housing assistance payments	-	-	-	-	-	-	-	-	-	(58,143,542)	399,424	(57,744,118)
Payments to suppliers for goods and services	(441,136)	(398,623)	(1,932,251)	(795,974)	(167,548)	(150,621)	(376,108)	-	(4,262,261)	(16,741,255)	501,101	(20,502,415)
Net cash flows from operating activities	101,373	206,245	410,646	(314,262)	44,971	(18,010)	253,519	-	684,482	(64,335,267)	-	(63,650,785)
Cash flows from noncapital financing activities:												
Intergovernmental revenues received	260,598	-	236,304	236,407	-	64,866	-	-	798,175	69,868,244	-	70,666,419
Owner Distribution	-	-	(36,822)	-	-	-	-	-	(36,822)	-	-	(36,822)
Contribution to (from) County	-	-	-	-	-	-	-	-	-	(15,829,360)	-	(15,829,360)
Net cash flows from noncapital financing activities	260,598	-	199,482	236,407	-	64,866	-	-	761,353	54,038,884	-	54,800,237
Cash flows from capital financing activities:												
Purchase of capital assets	-	(74,646)	(838,000)	(190,040)	-	-	(48,200)	-	(1,150,886)	(5,088,765)	-	(6,239,651)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	6,459,591	-	6,459,591
Interest/finance cost paid	(167,674)	(30,598)	(91,016)	-	(90,864)	-	(68,961)	-	(449,113)	(216,409)	-	(665,522)
Debt principal paid	(285,000)	(45,791)	(334,319)	-	(38,987)	(56,001)	(83,356)	-	(843,454)	(1,443,085)	168,134	(2,118,405)
Net cash flows from financing activities	(452,674)	(151,035)	(1,263,335)	(190,040)	(129,851)	(56,001)	(200,517)	-	(2,443,453)	(288,668)	168,134	(2,563,987)
Cash flows from investing activities:												
Receipt of loans and advances repayments	-	-	-	-	-	-	-	-	-	2,411,071	(168,134)	2,242,937
Disbursement of loans and advances receivable	-	-	-	-	-	-	-	-	-	(2,890,515)	-	(2,890,515)
Maturity of investments	(35,350)	-	-	-	-	-	-	-	(35,350)	2,695,000	-	2,659,650
Acquisition of investments	-	-	-	-	-	-	-	-	-	-	-	-
Interest on investments	67,350	2,145	12,477	190	71	918	130	-	83,281	840,763	-	924,044
Net cash flows from investing activities	32,000	2,145	12,477	190	71	918	130	-	47,931	3,056,319	(168,134)	2,936,116
Net (decrease) increase in cash and cash equivalents	(58,703)	57,355	(640,730)	(267,705)	(84,809)	(8,227)	53,132	-	(949,687)	(7,528,732)	-	(8,478,419)
Cash and cash equivalents, beginning of year	3,309,244	1,203,630	6,287,445	793,856	614,549	521,381	926,757	-	13,656,862	85,804,314	-	99,461,176
Cash and cash equivalents, end of year	$ 3,250,541	$ 1,260,985	$ 5,646,715	$ 526,151	$ 529,740	$ 513,154	$ 979,889	$ -	$ 12,707,175	$ 78,275,582	$ -	$ 90,982,757

Note 14—Condensed combining information for blended component units (continued)

	Blended Component Units											
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	The Green	Castellani Meadows	Tavenner Lane	Herndon Harbor House II	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
Reconciliation of operating income (loss) to net cash flows from operating activities:												
Operating income (loss)	$ 59,136	$ 65,678	$ 407,078	$ (360,275)	$ (8,063)	$ (66,500)	$ 90,531	$ (36,385)	$ 151,200	$ (66,400,067)	$ -	$ (66,248,867)
Depreciation and amortization	7,251	149,435	479,942	115,694	70,414	75,426	146,320	-	1,044,482	2,900,233	-	3,944,715
Provision for doubtful accounts	-	-	2,780	-	-	-	-	-	2,780	97,896	-	100,676
(Increase) decrease in accounts receivable	6,840	25	6,151	(57,976)	(8,319)	(7,821)	(559)	-	(61,659)	(2,679,387)	-	(2,741,046)
(Increase) decrease in prepaid items and other assets	(60)	(1,419)	88,836	(11,452)	-	(30,975)	1,582	-	46,512	(803,859)	-	(757,347)
(Increase) decrease in net pension liability and								-				
related outflows/inflows	-	-	-	-	-	-	-	34,533	34,533	973,829	-	1,008,362
(Increase) decrease in net OPEB liability and												
related outflows/inflows	-	-	-	-	-	-	-	1,852	1,852	193,560	-	195,412
Increase (decrease) in accounts payable and												
accrued liabilities	29,126	(7,544)	(577,980)	8,915	(6,268)	9,213	16,185	-	(528,353)	826,516	-	298,163
Increase (decrease) in deposits held in trust	2,695	70	6,945	903	-	119	(540)	-	10,192	160,158	-	170,350
Increase (decrease) in deferred revenues	(3,615)	-	(3,106)	(10,071)	(2,793)	2,528	-	-	(17,057)	395,854	-	378,797
Net cash flows from operating activities	$ 101,373	$ 206,245	$ 410,646	$ (314,262)	$ 44,971	$ (18,010)	$ 253,519	$ -	$ 684,482	$ (64,335,267)	$ -	$ (63,650,785)
Noncash capital activities:												
Contributions to County	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 749,428	$ -	$ 749,428
Gain on Sale	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,489,161	$ -	$ 9,489,161
Amortization of debt issuance costs	$ -	$ 1,561	$ 2,019	$ -	$ 3,065	$ -	$ 4,128	$ -	$ 10,773	$ 719	$ -	$ 11,492

Note 15—Related party transactions

The Authority is a General Partner and holds 0.01% to 1% interest in each of the following limited partnerships, which are reported as discrete component units (see Note 1). Summarized partnership information for the year ended December 31, 2019 is as follows:

	Gum Springs Glen	Morris Glen	Olley Glen	Cedar Ridge	Murraygate Village	Total
ASSETS						
Current Assets:						
Cash in bank	$ 273,633	$ 622,703	$ 1,429,624	$ 2,204,338	$ 4,822,225	$ 9,352,523
Restricted deposits held in trust	31,619	22,373	80,539	136,933	1,134,806	1,406,270
Accounts receivable, net of allowances	13,552	7,653	2,188	25,417	64,443	113,253
Prepaid expenses and other assets, current	35,560	-	-	-	2,575	38,135
Notes, mortgages, and other receivables	-	-	-	10,524	-	10,524
Total Current Assets	354,364	652,729	1,512,351	2,377,212	6,024,049	10,920,705
Noncurrent Assets:						
Restricted cash reserves	421,446	173,162	800,889	2,168,155	19,997,953	23,561,605
Other assets, noncurrent	-	-	25,059	6,545	82,289	113,893
Total Other Assets	421,446	173,162	825,948	2,174,700	20,080,242	23,675,498
Land and land improvements	514,977	325,892	3,150,098	1,595,717	2,244,000	7,830,684
Buildings and improvements	5,446,104	5,111,878	14,378,060	17,429,035	5,971,595	48,336,672
Equipment	150,392	121,643	377,345	387,913	108,544	1,145,837
Construction in progress	-	-	-	-	2,018,121	2,018,121
Accumulated depreciation	(2,401,266)	(4,674,279)	(5,561,783)	(5,705,057)	(66,013)	(18,408,398)
Total Capital Assets	3,710,207	885,134	12,343,720	13,707,608	10,276,247	40,922,916
Total Noncurrent Assets	4,131,653	1,058,296	13,169,668	15,882,308	30,356,489	64,598,414
Total Assets	4,486,017	1,711,025	14,682,019	18,259,520	36,380,538	75,519,119
LIABILITIES						
Current Liabilities:						
Accounts payable	95,941	27,307	19,878	158,528	565,008	866,662
Accrued interest payable	3,487	1,633	-	97,442	247,135	349,697
Due to FCRHA	-	20,000	804,277	-	518,871	1,343,148
Deposits held in trust	36,324	17,848	51,046	103,733	77,664	286,615
Unearned revenue	2,397	20,590	60,296	35,751	51,106	170,140
Current portion long-term debt	65,782	707,081	47,087	333,133	-	1,153,083
Total Current Liabilities	203,931	794,459	982,584	728,587	1,459,784	4,169,345
Noncurrent Liabilities:						
Noncurrent portion long-term debt, net	2,032,312	1,590,996	13,307,886	12,950,669	38,541,983	68,423,846
Other noncurrent liabilities	980,687	425,464	3,454,884	648,286	768,500	6,277,821
Total Noncurrent Liabilities	3,012,999	2,016,460	16,762,770	13,598,955	39,310,483	74,701,667
Total Liabilities	3,216,930	2,810,919	17,745,354	14,327,542	40,770,267	78,871,012
NET POSITION (DEFICIT)						
Net investment in capital assets,	1,612,113	(1,412,943)	(1,011,253)	423,806	(8,315,936)	(8,704,213)
Restricted net position	416,741	177,687	830,382	2,201,355	1,105,295	4,731,460
Unrestricted net position (deficit)	(759,767)	135,362	(2,882,464)	1,306,817	2,820,912	620,860
Total Net Position (Deficit)	$ 1,269,087	$ (1,099,894)	$ (3,063,335)	$ 3,931,978	$ (4,389,729)	$ (3,351,893)

Note 15—Related party transactions (continued)

	Gum Springs Glen	Morris Glen	Olley Glen	Cedar Ridge	Murraygate Village	Total
Operating Revenue:						
Rental	$ 685,389	$ 663,379	$ 979,306	$ 1,138,479	$ 1,306,083	$ 4,772,636
Other	57,023	48,307	90,663	308,882	143,316	648,191
Total Operating Revenue	742,412	711,686	1,069,969	1,447,361	1,449,399	5,420,827
Operating Expenses:						
Personnel services	147,828	159,261	146,712	315,948	394,527	1,164,276
Contractual services	14,045	14,045	14,045	18,309	12,060	72,504
Utilities	-	70,800	111,351	200,461	349,113	731,725
Repairs and maintenance	85,871	142,573	180,994	505,198	545,566	1,460,202
Other supplies and expenses	332,642	147,388	229,546	699,257	585,795	1,994,628
Depreciation and amortization	136,652	169,478	611,517	453,055	69,543	1,440,245
Total Operating Expenses	717,038	703,545	1,294,165	2,192,228	1,956,604	6,863,580
Operating Income (Loss)	25,374	8,141	(224,196)	(744,867)	(507,205)	(1,442,753)
Nonoperating Revenues (Expenses):						
Intergovernmental revenue	-	-	138,172	1,559,213	371,391	2,068,776
Interest income	4,631	268	6,525	11,331	402,778	425,533
Interest expense	(113,019)	(63,367)	(751,380)	(850,991)	(1,038,930)	(2,817,687)
Total Nonoperating Revenues (Expenses), net	(108,388)	(63,099)	(606,683)	719,553	(264,761)	(323,378)
Change in net position	(83,014)	(54,958)	(830,879)	(25,314)	(771,966)	(1,766,131)
Net position (deficit), beginning of year	1,352,101	(1,044,936)	(2,232,456)	3,957,292	(3,617,763)	(1,585,762)
Net position (deficit), end of year	$ 1,269,087	$ (1,099,894)	$ (3,063,335)	$ 3,931,978	$ (4,389,729)	$ (3,351,893)

Note 16—Reissuance of the financial statements

It was discovered subsequent to November 12, 2020 that $7,326,375 of HAP expense and related rental revenue inter-fund activity recorded at June 30, 2020 was not eliminated between FCRHA and BCU funds. Consequently, the Statement of Revenues, Expenses and Changes in Net Position as of June 30, 2020, as previously issued on November 12, 2020, has been revised to correct this presentation. There is no net impact to net position or the change in net position as a result of this correction. Additionally, a reclassification of restricted and unrestricted net position has been made to the Statement of Net Position at June 30, 2020 for $316,475 to properly net restricted CARES Act funding liabilities against related restricted assets.

The combining statements within Note 14 have been updated to reflect these changes. The combining Statement of Net Position also reflects a reclassification of balances between inter-fund long-term and short-term debt and notes receivable to correspond to classifications required by HUD for REAC reporting purposes. As these interfund amounts are eliminated in the combining statements, there is no impact to the Statement of Net Position.

REQUIRED SUPPLEMENTAL INFORMATION

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
ERS PENSION PLAN

JUNE 30, 2020

	2020	2019	2018	2017	2016	2015
Authority's proportion of net pension liability	1.5733%	1.7116%	1.6624%	1.6146%	1.6215%	1.6799%
Authority's proportionate share of net pension liability	$ 26,588,797	$ 28,246,002	$ 26,903,629	$ 24,644,244	$ 20,857,233	$ 17,501,779
Authority's covered payroll	$ 12,229,263	$ 12,762,566	$ 12,145,800	$ 11,438,081	$ 11,144,649	$ 11,282,166
Authority's proportionate share of net pension liability as a percentage of its covered payroll	217.4%	221.3%	221.5%	215.5%	187.2%	155.1%
Plan fiduciary net position as a percentage of total pension liability	70.8%	70.5%	69.9%	70.2%	74.2%	78.3%

* The schedule is intended to show information for 10 years; 2015 was the first year implemented. Additional years will be presented as they become available.

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
ERS PENSION PLAN

JUNE 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Actuarial determined contributions	$ 3,776,332	$ 3,319,022	$ 3,227,653	$ 2,781,412	$ 2,515,234	$ 2,245,647	$ 2,177,501
Contributions in relation to the actuarial determined contribution	$ 3,776,332	$ 3,319,022	$ 3,227,653	$ 2,781,412	$ 2,515,234	$ 2,245,647	$ 2,177,501
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 13,320,395	$ 12,229,263	$ 12,762,566	$ 12,145,800	$ 11,438,081	$ 11,144,649	$ 11,282,166
Contributions as a percentage of covered payroll	28.4%	27.1%	25.3%	22.9%	22.0%	20.2%	19.3%

* The schedule is intended to show information for 10 years; 2015 was the first year implemented. Additional years will be presented as they become available.

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

JUNE 30, 2020

	2020	2019	2018
Authority's proportion of the net OPEB liability	1.69%	1.71%	1.85%
Authority's proportionate share of the net OPEB liability	$ 2,453,774	$ 1,577,823	$ 791,633
Authority's covered employee payroll	$ 15,763,712	$ 17,321,851	$ 16,804,930
Authority's proportionate share of the net OPEB liability as a percentage of covered employee payroll	15.57%	9.11%	4.71%
Plan fiduciary net position as a percentage of the total OPEB liability	69.11%	76.97%	86.73%

* The schedule is intended to show information for 10 years; 2018 was the first year implemented. Additional years will be presented as they become available.

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)
SCHEDULE OF AUTHORITY'S OPEB CONTRIBUTIONS
(DOLLAR AMOUNTS IN THOUSANDS)

JUNE 30, 2020

	Fiscal Year Ending 2020	Fiscal Year Ending 2019	Fiscal Year Ending 2018	Fiscal Year Ending 2017
Actuarially Determined Contribution	$ 271	$ 385	$ 412	$ 375
Contributions Made in Relation to the Actuarially Determined Contribution	329	434	463	518
Contribution Deficiency (Excess)	(58)	(49)	(51)	(143)
Covered Employee Payroll	16,058	15,764	17,322	16,805
Contributions as a Percentage of Payroll	2.05%	2.75%	2.67%	3.08%

* The schedule is intended to show information for 10 years; 2018 was the first year implemented. Additional years will be presented as they become available.

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Supervisors
County of Fairfax, Virginia

The Board of Commissioners
Fairfax County Redevelopment and Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the aggregate discretely presented component units of the Fairfax County Redevelopment and Housing Authority (the "Authority"), a component unit of the County of Fairfax, Virginia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 17, 2020. Our report includes a reference to other auditors who audited the financial statements of seven blended component units and four discretely presented component units, as described in our audit report on the Authority's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of seven of the blended component units (Herndon Harbor House I, Herndon Harbor House II, FCRHA HCDC One (Stonegate), FCRHA HCDC Two (Murraygate), The Green, Castellani Meadows, Tavenner Lane), and three of the discretely presented component units (Gum Springs Glen, Morris Glen, and Olley Glen) were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

We did identify a certain deficiency in internal control, described below, that we consider to be a material weakness.

Finding 2020-001: Material Weakness in Internal Controls over the Elimination of Interfund Activity

Criteria: Interfund transactions must be eliminated in accordance with Housing and Urban Development ("HUD") accounting guide #22.

Condition: During the year ended June 30, 2020, Housing Assistance Payment ("HAP") expense was recorded within the Housing Choice Voucher fund and the related rental income was recorded within the Rental Assistance Demonstration and Rental Program funds. Interfund activity should have been eliminated.

Cause: Noncompliance with HUD reporting requirements of rent subsidies used for FCRHA owned properties.

Effect: The Authority's dwelling rental income and HAP expense was overstated by $7,326,375.

Recommendation: The Authority should ensure that a review of all interfund activity is completed at year end and an elimination is made to properly state ending balances.

Management's Response: Management concurs with this recommendation.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Reissuance of the Financial Statements

As discussed in Note 16, the Authority has reissued the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position to reclassify components of restricted and unrestricted net position of the business type activities and eliminate Housing Assistance Payment ("HAP") expense and revenue between funds within the business type activities; this also affected Note 14 but has no impact on total net position. Additionally, a reclassification within Note 14 between the current and noncurrent portions of inter-fund long-term debt and notes receivables and related eliminations has been made; this also has no impact on total net position. Our opinions are not modified with respect to these matters.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Cherry Bekaert LLP

Tysons Corner, Virginia
November 12, 2020, except for Note 16 to the financial statements and the effects on the financial statements described therein, and material weakness 2020-001, as to which the date is June 25, 2021