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, 2019

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

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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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%, 1.1%, 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, 2019, 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.

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 20, 2019 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 20, 2019

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") 2019 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, 2019, 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 eight 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 seven (Herndon Harbor I, Herndon Harbor II, Stonegate, Murraygate, 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, 2019 are included in the balances of the enterprise fund.

Financial Highlights for FY 2019

The FCRHA's FY 2019 financial highlights included the following:

- Total assets, deferred outflows of resources, liabilities and deferred inflows of resources of the FCRHA were approximately $256.4 million, $10.7 million, $104.5 million and $1.9 million respectively; thus total net position was approximately $160.7 million at June 30, 2019. Of this amount, approximately $58.6 million (unrestricted net position) may be used to meet the FCRHA's future operational needs.

- Total revenues and expenses were approximately $139.9 million and $111.9 million, respectively, resulting in an increase in net position of approximately $28.0 million as compared to net position of approximately $9.0 million for the prior year, an increase of 211.1%. The two-fold increase in net position is related to the gain on the sale of a limited partnership, Murraygate, and the addition of new awards in the voucher program while keeping expenses close to prior year's level.

- Cash and cash equivalents increased by approximately $19.3 million primarily related to intergovernmental revenue and the sale of Murraygate LP.

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, 2019 and 2018.

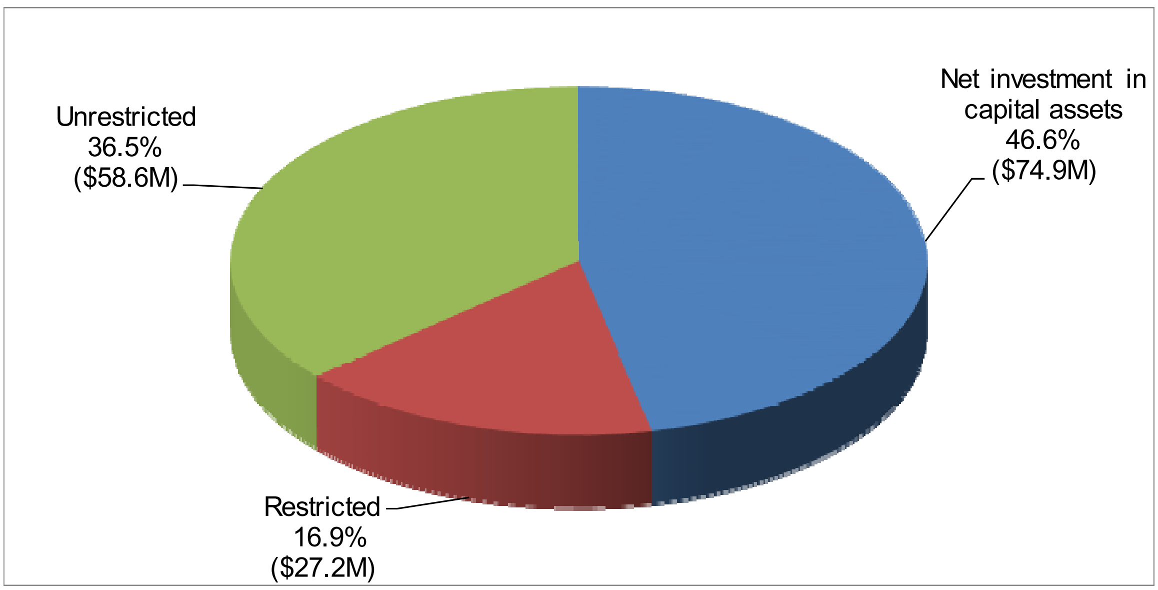
Table 1
Summary of Net Position
(in millions)

Description	2019	2018	Increase (Decrease)	% Change
Current and other assets	$ 161.9	$ 116.2	$ 45.7	39.3%
Capital assets	94.5	96.6	(2.1)	-2.2%
Total Assets	256.4	212.8	43.6	20.5%
Deferred outflow of resources	10.7	9.9	0.8	8.1%
Current liabilities	8.6	9.7	(1.1)	-11.3%
Noncurrent liabilities	95.9	77.6	18.3	23.6%
Total Liabilities	104.5	87.3	17.2	19.7%
Deferred inflow of resources	1.9	2.7	(0.8)	-29.6%
Net Position:				
Net investment in capital assets	74.9	73.6	1.3	1.8%
Restricted	27.2	25.0	2.2	8.8%
Unrestricted	58.6	34.1	24.5	71.8%
Total Net Position	$ 160.7	$ 132.7	$ 28.0	21.1%

As of June 30, 2019, the FCRHA's net position totaled approximately $160.7 million, an increase of approximately $28.0 million, or 21.1%, over the restated net position as of June 30, 2018. This change was due to an increase in current and other assets for the Murraygate Village bond and the cash received for the sale and closing of Murraygate Limited Partnership in FY2019.

The FCRHA's total net position also consisted of restricted net position of $27.2 million at June 30, 2019 and $25.0 million at June 30, 2018, and unrestricted net position of $58.6 million and $34.1 million at June 30, 2019 and 2018, respectively. Restricted net position of $27.2 million represents 16.9% of the FCRHA's FY 2019 net position and unrestricted of $58.6 million represents 36.5%. 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, 2019.

Composition of FCRHA's Net Position ($160.7M)



Revenues, Expenses, and Changes in Net Position

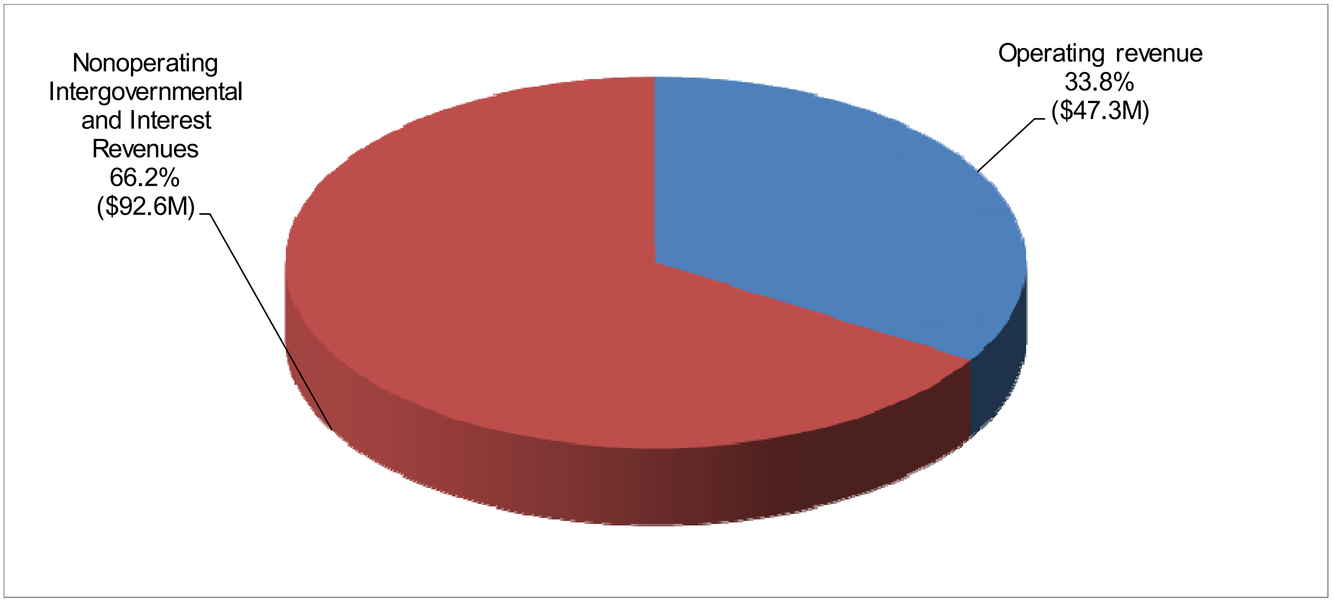
The results of the FCRHA's operations are reported in the statement of revenues, expenses, and changes in net position. In FY 2019, the FCRHA's enterprise programs realized an increase in net position of approximately $28.0 million. Table 2 presents a summary of data from the FCRHA's statement of revenues, expenses, and changes in net position for FY 2019 and FY 2018 and a comparative analysis of activities in these years.

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

Description	2019	2018	Increase (Decrease)	% Change
Revenues:				
Operating revenues	$ 47.3	$ 43.2	$ 4.1	9.5%
Nonoperating revenues and contributions	92.6	76.1	16.5	21.7%
Total revenues	139.9	119.3	20.6	17.3%
Expenses:				
Operating expenses	103.7	104.0	(0.3)	-0.3%
Nonoperating expenses	8.2	6.3	1.9	30.2%
Total expenses	111.9	110.3	1.6	1.5%
Changes in net position	28.0	9.0	19.0	211.1%
Total net position, beginning of year	132.7	123.7	9.0	7.3%
Total net position, end of year	$ 160.7	$ 132.7	$ 28.0	21.1%

Total FCRHA revenues in FY 2019 were $139.9 million, comprised of operating and nonoperating revenues. Operating revenues contributed $47.3 million with 33.8% derived from rents and other user charges, and developer and financing fees. The FCRHA's total overall revenues during the year were up by approximately $20.6 million or 17.3%. Overall, operating revenues were up by approximately $4.1 million or 9.5%. Nonoperating revenues made up $92.6 million with 66.2% coming from federal grants from HUD, County contributions, gain on sale of limited partnership and interest revenue. Nonoperating revenues reflected an increase over the prior year by approximately $16.5 million or 21.7%. The total net position for FY 2019 was $160.7 million as compared to $132.7 million in the prior year, an overall increase over the prior year of $28.0 million or 21.1%.

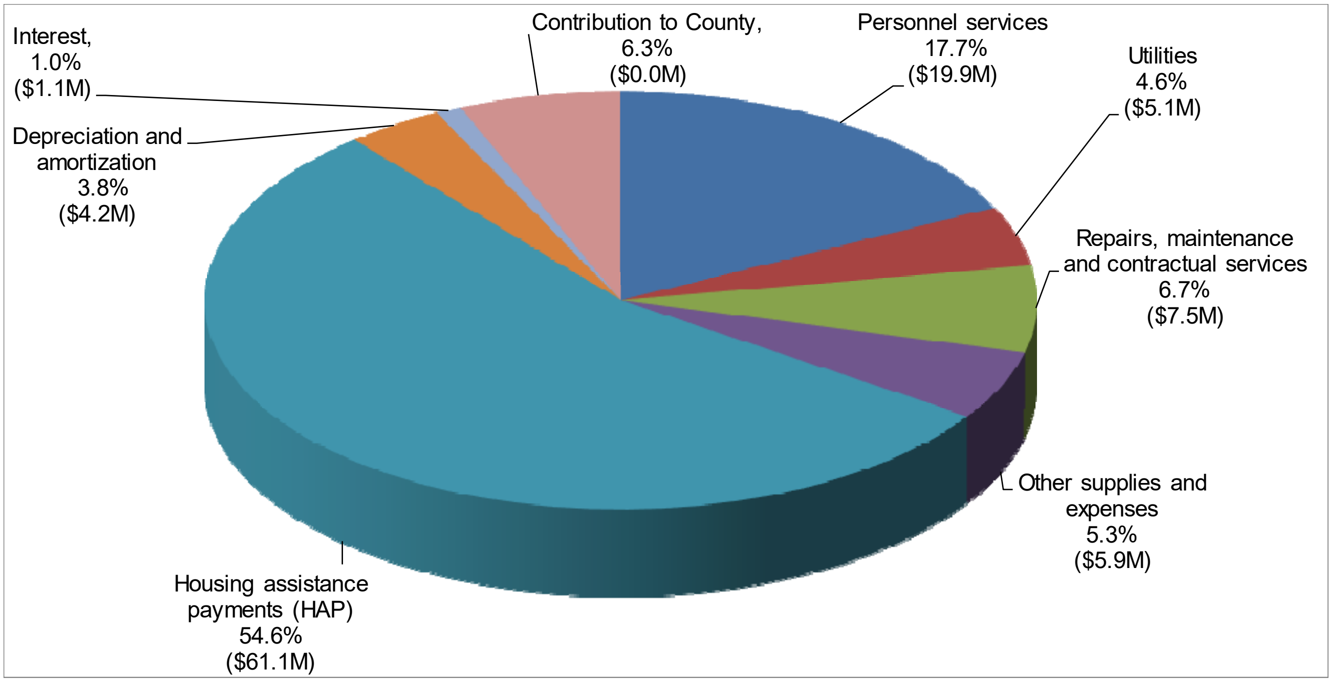
FCRHA's Enterprise Programs
Total Revenues ($139.9M)



The FCRHA's operating expenses in FY 2019 decreased by approximately $0.3 million, or 0.3% from the prior year. While the Housing Assistance Payments ("HAP") in the Housing Choice Voucher ("HCV") increased in FY2019, there were corresponding decreases in repairs and maintenance as most RAD conversion related repairs were completed in the prior year, and personnel costs resulting from management's efforts in position management to balance fund operations, causing an overall decrease in expenses.

In FY 2019, the FCRHA incurred total expenses in its enterprise programs totaling approximately $111.9 million. The following pie chart illustrates major operating expense groups and their relative percentage of the total.

FCRHA's Enterprise Programs
Total Expenses ($111.9M)



Capital Assets and Debt Administration

Capital Assets. The FCRHA's capital assets at June 30, 2019 and 2018, included land, buildings and improvements, equipment, and construction in progress which totaled $94.5 million and $96.6 million, respectively, net of accumulated depreciation of approximately $129.7 million and $133.9 million at June 30, 2019 and 2018, respectively. For further details see Note 5, Capital Assets.

Short-term and Long-term Debt. The FCRHA's June 30, 2019 and 2018 statement of net position includes debt – consisting of housing loans, notes, and bonds payable - of approximately $58.1 million and $41.0 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, 2019, more than 18,000 individuals are served by FCRHA housing programs. The FCRHA, owns and/or operates a total of 3,035 units of multifamily housing, 482 units of independent senior housing, 112 beds of assisted living, and 224 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 2019 (FY 2019) was $12,300,000. A total of 3,473 affordable units have been preserved as of the end of FY 2019 for both homeownership and rental purposes in a variety of large and small projects. Of that number 252 units are preserved as affordable housing for periods of five years or less, and 3,221 units are preserved for 20 years or longer.

In March 2019, the Board of Supervisors received the recommendations of the Affordable Housing Resources Panel – comprised of key stakeholders appointed by the Board – which outline longer-term strategies, tools and policies needed to develop and preserve affordable housing well into the future. These recommendations represent Phase II of the Communitywide Housing Strategic Plan and support a goal of producing a minimum of 5,000 new homes affordable to households earning up to 60 percent of the Area Median Income over the next 15 years; increasing the “Penny for Affordable Housing Fund” by the equivalent of one additional cent on the tax rate; prioritizing the current “half penny” for preservation projects; no net loss of existing “market affordable” rental apartments; and ensuring housing affordability as a critical element of the Countywide Strategic Plan currently in development.

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 end homelessness in 10 years, to provide affordable housing options to those with special needs, to meet the affordable housing needs of low-income working families, and to produce workforce housing. 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. The program is operated through a consortium of nonprofit organizations. As of the end of June 2019, a total of 611 households have leased up through the Bridging Affordability Program. Eighty-five percent (85 percent) of those that have left Bridging Affordability moved to sustainable housing. In FY 2019, 69 households left Bridging Affordability, including 11 (16 percent) households that moved to fair market rate housing. In FY 2019 the availability of THRIVE Vouchers impacted the number of households transitioning to Full Market Rate as they were able to move to Housing Choice Vouchers in an average of 14 months. The average income served in the program in FY 2019 was $19,809.

The Affordable Dwelling Unit ("ADU") program is facilitated by the county's ADU ordinance which requires developers of certain housing developments to set aside up to 12.5 percent of new units as affordable housing (6.25 percent for multifamily rentals) in return for the grant of additional density. The FCRHA has the right to acquire one-third of the ADUs offered for sale and to lease up to one-third of the rental units. The remaining units are sold or rented to moderate income households. As of the end of FY 2019, a total of 2,807 units (1,389 rentals and 1,418 for-sale units) have been produced under the ADU program; the FCRHA has acquired 156 of the for-sale units which are maintained as permanent affordable rental housing.

The County's Workforce Housing Policy is a proffer-based incentive system designed to encourage the voluntary development of new housing, affordable to a range of moderate-income workers in the County's high-rise/high-density areas. The Comprehensive Plan provides for a density bonus of up to one unit for every workforce unit provided by a developer, with the expectation that at least 12 percent of units in new developments be affordable or workforce housing. As of the end of FY 2019, over 9,326 Workforce Dwelling Units ("WDU") were committed by private developers in rezoning actions approved by the Board, and 1,499 units (1,477 rentals and 22 for-sale units) have been constructed out of the committed WDUs.

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. This change in designation was a critical contributor to our ability to facilitate needed renovations at several FCRHA-owned properties during FY 2019 – a sampling of which include kitchen upgrades at Colchester apartments; water heater replacements and kitchen upgrades at Newington Station; and heating and ventilation and HVAC equipment upgrades at Waters Edge and Audubon.

The Rehabilitation of Murraygate Village, located off of the Route 1 corridor of Alexandria in the Lee District, is comprehensive in nature and will promote the long-term sustainability and energy efficiency of the 200-unit, 17-building development. The Property was originally built in 1971 and purchased by FCRHA in 1991. Multiple sources of funding are being utilized to fund the renovations at this property to include local funds, tax exempt bonds, FHA financing and tax credit equity through the Low-Income Housing Tax Credits Program.

The Wedgewood Apartments complex, built in the 1960's, is a garden-style multifamily rental community located on Little River Turnpike and McWhorter Road in Annandale, Virginia (Mason District). It was purchased by the Board in 2007 for a purchase price of $107.5 million. The property sits on approximately 35 acres and consist of 672 units of affordable housing (56 multifamily buildings and 15 rental townhomes). Limited renovations (Wedgewood light) have been completed for this property in FY 2019.

<u>*New Initiatives*</u>

North Hill- Through the Virginia Public-Private Education Facilities and Infrastructure Act of 2002 ("PPEA"), Fairfax County and the FCRHA is able to create new affordable housing opportunities for little to no cost for the local County taxpayer. The North Hill project is being developed using the PPEA model. North Hill, a 35-acre vacant lot off of Richmond Highway in Alexandria, is slated to become a mixed income, affordable and market rate housing community comprised of:

- 279 affordable apartments
- 63 affordable independent living units for seniors
- 175 market rate townhomes
- 12-acre public park

One University- Since July 2017, Fairfax County has worked with members of the community and development partners on plans to redevelop the One University property and create a multi-generational housing development comprised of affordable housing for older adults, student housing for young people attending the nearby George Mason University and multifamily homes. The land use approval process was approved 2019 and the Low-Income Housing Tax Credit application is to be filed in March 2020. The proposed development is expected to include:

- 120 senior housing units
- 120 multifamily units
- 333 student housing units
- A meeting space for the Fairfax County Redevelopment and Housing Authority

Senior Housing- During FY 2020, Fairfax County and the FCRHA will engage residents of the community to advance the land use process on three property development projects that will add nearly 360 units of affordable homes to older adults - Little River Glen IV (Braddock District), Autumn Willow Senior Housing (Springfield District) and Oakwood Senior Housing (Lee District). The FCRHA has been working diligently to progress these projects to this phase (e.g. acquiring land use approval, initiating partnerships, etc.). These projects are planned to fill a critical need in providing affordable alternatives that will enable older adults the freedom and potential to age in place in the communities where many of them have already contributed so much throughout their lives.

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, 2019

	Enterprise Fund	Component Units (FASB)	Total Reporting Entity
ASSETS			
Current Assets:			
Cash in bank (Note 2)	$ 27,598,783	$ 7,498,012	$ 35,096,795
Cash on deposit with the County of Fairfax, Virginia (Note 2)	33,285,826	-	33,285,826
Cash reserves (Note 2)	12,805,157	-	12,805,157
Investments (Note 3)	4,900,000	-	4,900,000
Restricted cash:			
Deposit held in trust (Note 2)	3,868,538	370,833	4,239,371
Investments (Note 3)	3,119,466	-	3,119,466
Accrued interest receivable	699,624	-	699,624
Accounts receivable (net of allowances) (Note 4)	1,386,748	50,175	1,436,923
Notes, mortgages, and other receivables (Note 4)	325,041	14,403	339,444
Property held for sale	514,851	-	514,851
Prepaid items and other assets	455,575	10,966	466,541
Total Current Assets	88,959,609	7,944,389	96,903,998
Noncurrent assets:			
Restricted assets:			
Cash reserves (Note 2)	21,902,872	24,118,480	46,021,352
Total Restricted Assets	21,902,872	24,118,480	46,021,352
Other noncurrent assets:			
Notes, mortgages and other receivables (net of allowances) (Note 4)	49,724,213	-	49,724,213
Prepaid items and other assets	1,199,204	38,848	1,238,052
Total Other Noncurrent Assets	50,923,417	38,848	50,962,265
Capital Assets (Note 5):			
Nondepreciable:			
Land	39,064,907	7,830,684	46,895,591
Construction in progress	2,862,278	1,525,738	4,388,016
Depreciable:			
Buildings and improvements	181,460,134	43,381,361	224,841,495
Equipment	813,864	1,055,944	1,869,808
Accumulated depreciation	(129,732,246)	(16,981,275)	(146,713,521)
Total Capital Assets, net	94,468,937	36,812,452	131,281,389
Total Noncurrent Assets	167,295,226	60,969,780	228,265,006
Total Assets	$ 256,254,835	$ 68,914,169	$ 325,169,004

JUNE 30, 2019

	Enterprise Fund	Component Units (FASB)	Total Reporting Entity
DEFERRED OUTFLOWS			
Deferred outflow for pensions (Note 12)	$ 9,100,716	$ -	$ 9,100,716
Deferred outflow for OPEB (Note 13)	1,639,734	-	1,639,734
Total Deferred Outflows	10,740,450	-	10,740,450
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	3,076,989	1,547,086	4,624,075
Accrued salaries and benefits	964,090	-	964,090
Due to FCRHA	-	1,015,593	1,015,593
Deposits held in trust	1,692,149	279,685	1,971,834
Unearned revenue	982,570	152,777	1,135,347
Accrued compensated absences (Note 7)	562,706	-	562,706
Loans, notes, and bonds payable, net of deferred financing fees (Note 6)	1,318,391	447,955	1,766,346
Total Current Liabilities	8,596,895	3,443,096	12,039,991
Noncurrent Liabilities:			
Accrued compensated absences (Note 7)	671,034	-	671,034
Loans, notes, and bonds payable, net of deferred financing fees (Note 6)	56,799,766	63,060,185	119,859,951
Net pension liability (Note 12)	28,246,002	-	28,246,002
Net OPEB liability (Note 13)	1,577,823	-	1,577,823
Other accrued long-term interest	8,561,299	3,996,650	12,557,949
Total Noncurrent Liabilities	95,855,924	67,056,835	162,912,759
Total Liabilities	104,452,819	70,499,931	174,952,750
Deferred Inflows			
Deferred Inflow for pension (Note 12)	1,108,369	-	1,108,369
Deferred inflow for OPEB (Note 13)	767,647	-	767,647
Total Deferred Inflows	1,876,016	-	1,876,016
NET POSITION/PARTNERS' DEFICIT			
Net investment in capital assets	74,898,616	-	74,898,616
Restricted	27,198,727	-	27,198,727
Unrestricted	58,569,107	-	58,569,107
Partners' deficit	-	(1,585,762)	(1,585,762)
Total Net Position/Partners' Deficit	$ 160,666,450	$ (1,585,762)	$ 159,080,688

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, 2019

	Enterprise Fund	Component Units (FASB)	Total Reporting Entity
Operating Revenues:			
Dwelling rentals	$ 40,145,131	$ 3,457,307	$ 43,602,438
Other	7,105,603	508,493	7,614,096
Total Operating Revenues	47,250,734	3,965,800	51,216,534
Operating Expenses:			
Personnel services	19,840,139	795,612	20,635,751
Contractual services	335,766	60,180	395,946
Utilities	5,138,545	454,056	5,592,601
Repairs and maintenance	7,140,002	734,560	7,874,562
Other supplies and expenses	5,948,910	1,485,714	7,434,624
Housing assistance payments (HAP)	61,035,107	-	61,035,107
Depreciation and amortization	4,218,538	1,351,352	5,569,890
Total Operating Expenses	103,657,007	4,881,474	108,538,481
Operating Loss	(56,406,273)	(915,674)	(57,321,947)
Nonoperating Revenues (Expenses):			
Intergovernmental revenue	74,463,064	1,702,360	76,165,424
Owner distribution	(11,383)	-	(11,383)
Interest revenue	1,541,598	18,590	1,560,188
Other nonoperating expense	2,600	-	2,600
Gain on sale of limited partnership	9,877,961	-	9,877,961
Contribution from County	6,661,415	-	6,661,415
Contribution to County	(7,050,487)	-	(7,050,487)
Interest expense	(1,114,648)	(2,101,479)	(3,216,127)
Total Nonoperating Revenues (Expenses), net	84,370,120	(380,529)	83,989,591
Income (Loss) Before Adjustments to Partners' Equity (Deficit)	27,963,847	(1,296,203)	26,667,644
Adjustments to Partners' Equity (Deficit)			
Contribution from limited partner	-	2,507,400	2,507,400
Excess of consideration paid over net assets acquired	-	(13,585,400)	(13,585,400)
General partner seller take-back loan	-	7,860,121	7,860,121
Total Adjustments to Partners' Equity (Deficit)	-	(3,217,879)	(3,217,879)
Change in Net Position/ Partners' Equity	27,963,847	(4,514,082)	23,449,765
Net Position/Partners' Equity, beginning of year	132,702,603	2,928,320	135,630,923
Net Position/Partners' Deficit, end of year	$ 160,666,450	$ (1,585,762)	$ 159,080,688

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

YEAR ENDED JUNE 30, 2019

	Enterprise Fund	Component Units (FASB)	Total Reporting Entity
Cash flows from operating activities:			
Rental receipts	$ 39,182,211	$ 3,464,964	$ 42,647,175
Other operating cash receipts	2,288,139	508,493	2,796,632
Purchase of property held for sale	(1,860,524)	-	(1,860,524)
Receipts from sale of property held for sale	2,194,615	-	2,194,615
Payments to employees for services	(19,540,649)	(795,612)	(20,336,261)
Housing assistance payments	(61,035,107)	-	(61,035,107)
Payments to suppliers for goods and services	(14,443,754)	(2,455,869)	(16,899,623)
Net cash provided by (used in) operating activities	(53,215,069)	721,976	(52,493,093)
Cash flows from noncapital financing activities:			
Contribution (from) to County	(2,863,859)	-	(2,863,859)
Transfer of Limited Partnership	(2,373,357)	2,373,357	-
Sale of Limited Partnership	15,538,926	-	15,538,926
Contributions from partners	-	2,507,400	2,507,400
Purchase of Limited Partnership	-	(11,939,879)	(11,939,879)
Owner Distribution	(11,383)	-	(11,383)
Intergovernmental revenues received	74,558,938	1,702,360	76,261,298
Net cash provided by (used in) noncapital financing activities	84,849,265	(5,356,762)	79,492,503
Cash flows from capital and related financing activities:			
Purchase of capital assets	(3,550,040)	(1,180,253)	(4,730,293)
Interest paid	(630,549)	(2,151,072)	(2,781,621)
Issuance of debt	20,000,000	35,800,000	55,800,000
Debt principal paid	(2,896,548)	(3,491,417)	(6,387,965)
Net cash provided by capital and related financing activities	12,922,863	28,977,258	41,900,121
Cash flows from investing activities:			
Receipt of loan and advance repayments	500,611	-	500,611
Disbursement of loans and advances receivable	(27,860,621)	-	(27,860,621)
Maturity of investments	15,847	-	15,847
Acquisition of investments	(735,000)	-	(735,000)
Interest and gain received on investments	1,541,598	18,590	1,560,188
Net cash provided by (used in) investing activities	(26,537,565)	18,590	(26,518,975)
Net increase in cash and cash equivalents	18,019,494	24,361,062	42,380,556
Cash and cash equivalents, beginning of year	81,441,682	7,626,263	89,067,945
Cash and cash equivalents, end of year	$ 99,461,176	$ 31,987,325	$ 131,448,501

YEAR ENDED JUNE 30, 2019

Reconciliation to statement of net position:	**Enterprise Fund**	**Component Units (FASB)**	**Total Reporting Entity**
Cash in bank	$ 27,598,783	$ 7,498,012	$ 35,096,795
Cash on deposit with the County of Fairfax, Virginia	33,285,826	-	33,285,826
Cash deposits held in trust	3,868,538	370,833	4,239,371
Current cash reserves	12,805,157	-	12,805,157
Noncurrent cash reserves	21,902,872	24,118,480	46,021,352
Cash and cash equivalents	$ 99,461,176	$ 31,987,325	$ 131,448,501
Reconciliation of operating loss to net cash provided by (used in) operating activities			
Operating loss	$ (56,406,273)	$ (915,674)	$ (57,321,947)
Depreciation and amortization	4,218,538	1,351,352	5,569,890
Loss on sale of assets	34,076	-	34,076
Provision for doubtful accounts	186,122	-	186,122
Net pension liability and related outflows/inflows	1,017,419	-	1,017,419
Net OPEB liability and related outflows/inflows	(548,133)	-	(548,133)
Effects of changes in operating assets and liabilities:			
Accounts receivable	249,023	(88,003)	161,020
Prepaid items and other assets	(1,170)	311,801	310,631
Accounts payable and accrued liabilities	(703,713)	(38,173)	(741,886)
Deposits held in trust	2,574	5,013	7,587
Unearned revenue	(1,263,532)	95,660	(1,167,872)
Net cash provided by (used in) operating activities	$ (53,215,069)	$ 721,976	$ (52,493,093)
Noncash capital activities:			
Contributions to County	$ (1,723,635)	$ -	$ (1,723,635)
Contributions from County	$ 4,200,000	$ -	$ 4,200,000

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 ("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 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.

Blended Component Units ("BCU") - The Authority is the general partner of eight 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"); Fairfax County Redevelopment and Housing Authority/HCDC Two, L.P. ("Murraygate"); 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. Little River Glen has a June 30 fiscal year-end. Herndon Harbor House I, Herndon Harbor House II, Stonegate, Murraygate, The Green, Tavenner Lane, and Castellani Meadows 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, 2019. Separate financial statements for the blended component units can be obtained from the Authority.

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 enables 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.

All discretely presented component units have a December 31 calendar year-end. Accordingly, the amounts included for each component unit are as of and for the year-end that falls within the year ended June 30, 2019. Separate financial statements for the individual limited partnerships can be obtained from the Authority, with the exception of Murraygate Village, as described in Note 14. All limited partnerships follow Financial Accounting Standards Board pronouncements and have not been converted for purposes of these financial statements. All limited partnership financial statements are prepared in accordance with GAAP.

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.

Note 1—Summary of significant accounting policies (continued)

- *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").

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 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.

Note 1—Summary of significant accounting policies (continued)

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.

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 provided by (used in) 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. With respect to the Capital Grant program, the Authority capitalizes assets in accordance with HUD guidance.

Note 1—Summary of significant accounting policies (continued)

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.

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."

Note 1—Summary of significant accounting policies (continued)

Partners' Equity (Deficit) - This consists of the total contributions of all partners plus retained earnings for the DCU.

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.

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 deferred 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, 2019, the bank balance of the Authority's cash and cash equivalents was $96,110,423. All deposits were entirely insured or collateralized with securities held by the Authority's agent in the Authority's name as of June 30, 2019.

Note 3—Investments

As of June 30, 2019, the Authority had the following investment type:

	Amount	Weighted Average Maturity (Days)
Investment Type:		
Investment GIC	$ 424,466	
Certificates of deposit	7,595,000	
Total fair value	$ 8,019,466	
Portfolio weighted average maturity		200.16

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.

Note 3—Investments (continued)

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 measurements as of June 30, 2019:

- Other equity securities of $424,466 are valued using quoted market prices (Level 2 inputs).

Note 4—Receivables

Accounts Receivable - Accounts receivable at June 30, 2019 consisted of the following:

Tenant receivable (net of allowances of $359,200)	$	328,662
Landlord and HCV tenant receivables (net of allowances of $369,190)		411,825
Due from U.S. Department of Housing and Urban Development		165,595
Accounts receivable (net of allowances of $105,866)		480,666
	$	1,386,748

Management Admin Fee Receivables - Certain BCU and DCU have accrued and recorded fees in the amount of $303,556 due to the Authority that are required to be paid with surplus cash. The Authority has recorded an allowance of $303,556, against the corresponding receivable, as the likelihood for collection is doubtful.

Note 4—Receivables (continued)

Notes Receivable - Notes receivable at June 30, 2019 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 $1,167,704.		2,363,197
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.		11,871,946
Morris Glen	Unsecured notes, bearing interest at 3-month LIBOR rate plus 150 basis points maturing March 31, 2020, 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.		4,643,291
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.		491,024
FCRHA Olley Glen LP	Unsecured note bearing interest at 5.00%, maturing December 31, 2023.		458,527
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
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.		151,475
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
Total Notes Receivable			51,312,518
Less allowance for doubtful accounts			1,319,179
Less current notes			325,041
Noncurrent notes receivable, net of allowance for doubtful accounts		$	49,668,298

Note 4—Receivables (continued)

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, 2019, 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 $4,293,649 due to the Authority that are required to be paid with surplus cash. The Authority has recorded an allowance of $4,293,649, 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.

The following table provides a reconciliation of the notes, mortgages and other receivables to the statement of net position at June 30, 2019:

Notes receivable	$ 325,041
Current portion	325,041
Notes receivable	50,987,477
Mortgages receivable	26,440
Other receivables	29,475
Less: allowance for doubtful accounts	(1,319,179)
Long-term portion, net	49,724,213
Total notes, mortgages, and other receivables, net	$ 50,049,254

Note 5—Capital assets

The Enterprise Fund's capital asset activity for the year ended June 30, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 37,108,907	$ 4,200,000	$ (2,244,000)	$ 39,064,907
Construction-in-progress	1,770,627	2,582,752	(1,491,101)	2,862,278
Total capital assets, nondepreciable	38,879,534	6,782,752	(3,735,101)	41,927,185
Capital assets, depreciable:				
Buildings and improvements	190,840,610	1,971,046	(11,351,522)	181,460,134
Equipment	793,986	45,335	(25,457)	813,864
Total capital assets, depreciable	191,634,596	2,016,381	(11,376,979)	182,273,998
Less accumulated depreciation:				
Buildings and improvements	(133,115,681)	(3,815,323)	8,341,055	(128,589,949)
Equipment	(749,845)	(403,215)	10,763	(1,142,297)
Total accumulated depreciation	(133,865,526)	(4,218,538)	8,351,818	(129,732,246)
Total depreciable capital assets, net	57,769,070	(2,202,157)	(3,025,161)	52,541,752
Total Enterprise Fund capital assets, net	$ 96,648,604	$ 4,580,595	$ (6,760,262)	$ 94,468,937

Note 5—Capital assets (continued)

The Component Unit's capital asset activity for the year ended December 31, 2018 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 5,533,962	$ 2,296,722	$ -	$ 7,830,684
Construction-in-progress	-	1,525,738	-	1,525,738
Total capital assets, nondepreciable	5,533,962	3,822,460	-	9,356,422
Capital assets, depreciable:				
Buildings and improvements	42,204,166	1,282,876	(105,681)	43,381,361
Equipment	953,570	102,374	-	1,055,944
Total capital assets, depreciable	43,157,736	1,385,250	(105,681)	44,437,305
Less accumulated depreciation:				
Buildings and improvements	(14,729,570)	(1,351,352)	30,105	(16,050,817)
Equipment	(930,458)	-	-	(930,458)
Total accumulated depreciation	(15,660,028)	(1,351,352)	30,105	(16,981,275)
Total depreciable capital assets, net	27,497,708	33,898	(75,576)	27,456,030
Total Component Unit capital assets, ne	$ 33,031,670	$ 3,856,358	$ (75,576)	$ 36,812,452

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, 2019:

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.	$ 316,623
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.	316,623
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.	416,895
United Bank	Secured by Holly Acres rental property, bearing interest at 6.21%, maturing December 1, 2021, principal and interest payments of $943 monthly.	97,697
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.	567,016
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.	346,642
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.	180,269
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.	487,809
United Bank	Secured by East Market rental property, bearing interest at 6.14%, maturing December 1, 2022, principal and interest payments of $619 monthly.	67,545

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.	$ 123,315
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.	202,640
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.	221,891
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.	197,168
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.	272,143
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.	102,709
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.	94,649
Bank of New York Mellon	Section 108 notes secured by property owned by the FCRHA Olley Glen, L.P. and bearing variable interest rates, initially on LIBOR plus 20 basis points. The interest rate at June 30, 2017 was 2.97%. Loan is composed of two draws; draw one requires annual principal payments in addition to interest payments; draw two requires interest-only payments through August 2011, and then the outstanding principal amount will be amortized over a 14-year period.	860,000
		4,871,634
Less current notes		395,698
Noncurrent notes payable		$ 4,475,936

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
2020	$ 395,698	$ 276,221
2021	417,667	251,218
2022	2,146,754	174,828
2023	810,819	85,211
2024	828,582	55,810
2025 - 2026	272,114	115,669
	$ 4,871,634	$ 958,957

Bonds Payable - Bonds payable consist of the following at June 30, 2019:

	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.	$ 2,890,000
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.	483,273
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.	1,103,408

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.	$ 449,157
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.	4,643,291
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.	11,871,946
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
	41,441,075
Less current bonds	672,693
Total noncurrent bonds payable	$ 40,768,382

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
2020	$ 672,693	$ 1,440,992
2021	20,715,872	1,792,776
2022	760,674	1,072,253
2023	806,989	1,027,071
2024	1,819,262	979,143
2025 - 2029	4,220,818	4,116,974
2030 - 2034	2,524,115	3,360,779
2035 - 2039	3,349,748	2,725,268
2040 - 2044	4,464,653	1,859,841
2045 - 2049	1,466,894	776,516
2050 - 2052	639,357	43,346
	$ 41,441,075	$ 19,194,959

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, 2019 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.	$ 250,000
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

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	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.	843,535
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
		11,881,184
Less current notes		250,000
Noncurrent notes payable		$ 11,631,184

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
2020	$ 250,000	$ -
2021	-	-
2022	-	-
2023	-	-
2024	1,436,400	435,708
2025 - 2029	9,924,284	8,841,441
Thereafter	270,500	-
	$ 11,881,184	$ 9,277,149

Changes in Short-Term and Long-Term Liabilities - The Enterprise Fund's long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning Balance (as reclassified *)	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 22,073,481	$ 20,000,000	$ (632,406)	$ 41,441,075	$ 672,693
Notes payable	6,635,776	-	(1,764,142)	4,871,634	395,698
Notes payable - FCRHA	12,381,184	-	(500,000)	11,881,184	250,000
Less: unamortized debt issuance costs related to BCU	(86,358)	-	10,622	(75,736)	-
Net Enterprise Fund Debt	$ 41,004,083	$ 20,000,000	$ (2,885,926)	$ 58,118,157	$ 1,318,391

*Beginning balance includes a reclassification of $2,348,462 to accrued interest payable for Tavenner

Unused lines of credit- The FCRHA maintains unused, unsecured $1 million tax-exempt and $5 million taxable lines of credit with a commercial bank to provide interim financing which expire March 31, 2020.

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%.

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 will 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, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit debt	$ 32,504,754	$ 35,800,000	$ (3,491,417)	$ 64,813,337	$ 447,955
Less unamortized debt issuance costs	(663,593)	(674,973)	33,369	(1,305,197)	-
Net Component Unit debt	$ 31,841,161	$ 35,125,027	$ (3,458,048)	$ 63,508,140	$ 447,955

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

Years Ending December 31,	Principal
2020	$ 447,955
2021	1,153,083
2022	20,496,878
2023	413,518
2024	385,400
Thereafter	41,916,503
	$ 64,813,337

Note 7—Changes in compensated absences payable

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences payable	$ 1,248,605	$ 648,294	$ 663,159	$ 1,233,740	$ 562,706

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, 2019, the cumulative total of bonds outstanding under the Authority's name was $43,641,816.

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.

On November 28, 2007, the FCRHA issued a $105,485,000 bond anticipation note to finance a portion of the purchase price of a multi-family rental housing property as part of the County's affordable housing initiative. On October 6, 2008, the FCRHA issued the $104,105,000 refunding bond anticipation note. The note bore interest at 2.44% and matured on October 1, 2009 and was repaid through the issuance of revenue bonds and refunding available in the County's Penny for Affordable Housing capital project fund. On August 20, 2009, the FCHRA issued $94,950,000 of lease revenue bonds to repay a portion of an outstanding series 2008B bond anticipation note. The Bond bears an average interest rate of 4.53% and matures on October 1, 2039. As the County is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the note at maturity, 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 is 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, 2019.

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, 2019.

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, 2019 was 27.14%. Since the ERS's adjusted funded ratio (the ratio of the sum of the actuarial value of assets and commitments already made to fund 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 2019, the amortization target was increased to 99%. Per the County's pension funding policy as approved by the Board of Supervisors as part of the FY 2019 Adopted Budget Plan and incorporated in the Fairfax County Code, the County will continue increasing the amortization target so that, at or before fiscal year 2020, 100% of the unfunded actuarial accrued liability is amortized and included in the contribution rate. The employer contribution made during the measurement period of the liability was $3,227,653. The 2019 employer contribution totaled $3,319,022.

Note 12—Retirement plans (continued)

Net Pension Liability - The ERS calculated Total Pension Liability based on participant data collected as of December 31, 2017 and an actuarial valuation as of June 30, 2018, using the entry age actuarial cost method, with a measurement date of June 30, 2018. The proportionate share for the Authority is 1.7116%, an increase of 0.0492% from the prior year. At June 30, 2019, the Authority reported a liability of $28,246,002 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, 2019, the Authority recognized pension expense of $4,336,442. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,336,034	$ 921,741
Change in assumptions	586,841	-
Net differences between projected and actual earning on pension plan investments	2,962,559	-
Change in proportion applicable to Authority	896,260	186,628
Authority contributions subsequent to the measurement date	3,319,022	-
	$ 9,100,716	$ 1,108,369

The $3,319,022 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Actuarial Assumptions - The ERS calculated Total Pension Liability based on participant data collected as of December 31, 2017 and an actuarial valuation as of June 30, 2018, using the entry age actuarial cost method, with a measurement date of June 30, 2018. Significant actuarial assumptions used in the valuation included:

Years Ending June 30,	Amount
2020	$ 2,271,722
2021	1,545,870
2022	582,760
2023	272,973
	$ 4,673,325

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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

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

Best estimates of arithmetic long-term real rates of return for each major asset class included in the ERS's target asset allocation as of June 30, 2019 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%

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	$ 107,136,134	$ 95,697,752	$ 86,114,620
Authority's proportionate share of plan fiduciary pension net position	67,451,750	67,451,750	67,451,750
Authority's proportionate share of net pension liability	$ 39,684,384	$ 28,246,002	$ 18,662,870
Plan fiduciary net position as a percentage of the total pension liability	63.0%	70.5%	78.3%

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, 2019. Additionally, the ERS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the 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 2019 was $433,630. Plan members are not required to contribute.

Assumptions – Total OPEB Liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Salary Increases	3.0%
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-2016. Disabled mortality is assumed to be RP-2014.
Healthcare Cost Trend Rate	7.7%-9.1% decreasing to 4.5%

The actuarial assumptions used in the June 30, 2018 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, 2019 are as follows:

Note 13—Other postemployment benefits (continued)

Asset Class	Expected Real Rate of Return	Target Allocation
Domestic Equity (Large Cap)	6.8%	26.0%
Domestic Equity (Small Cap)	7.3%	10.0%
International Equity	7.5%	13.0%
Emerging Markets Equity	8.1%	5.0%
Core US Fixed Income	3.1%	7.0%
Corporate Fixed Income	3.8%	14.0%
Hedge Funds	4.6%	10.0%
Real Estate	5.1%	7.0%
Private Equity	9.6%	5.0%
Commodities	4.7%	3.0%

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, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. Authority's net OPEB liability is determined by Authority's proportional share of the OPEB plan participation and was 1.71%, a decrease of 0.14% from the prior year. The components of the net OPEB liability at June 30, 2019 are as follows:

Total OPEB Liability	$	6,849,719
Plan Fiduciary Net Position (Market Value of Assets)		(5,271,896)
Net OPEB Liability	$	1,577,823
Plan fiduciary net position as a percentage of the OPEB liability		76.97%

Sensitivity Analysis - The following represents net OPEB liability using the 7% discount rate, as well as what the liability would be if the discount rate were decreased or increased by 1%.

Note 13—Other postemployment benefits (continued)

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Total OPEB Liability	$ 8,013,524	$ 6,849,719	$ 5,934,029
Plan Fiduciary Net Position	(5,271,896)	(5,271,896)	(5,271,896)
Net OPEB Liability	$ 2,741,628	$ 1,577,823	$ 662,133

The following represents net OPEB liability calculated using the healthcare trend rates (7.70% - 9.10% decreasing to 4.50%), as well as the impacts of calculating the rates at one percentage point lower (6.70% - 8.01% decreasing to 3.50%) or one percentage point higher (8.70% - 10.10% decreasing to 5.50%):

	1% Decrease (Varied decreasing to 3.5%)	Trend Rate (Varied decreasing to 4.5%)	1% Increase (Varied decreasing to 5.5%)
Total OPEB Liability	$ 5,796,184	$ 6,849,719	$ 8,281,850
Plan Fiduciary Net Position	(5,271,896)	(5,271,896)	(5,271,896)
Net OPEB Liability	$ 524,288	$ 1,577,823	$ 3,009,954

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2019, the Authority recognized OPEB expense of $253,728. At June 30, 2019, 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	$ 42,721	$ 154,946
Change in assumptions	1,163,383	285,785
Net difference between projected and actual earnings on OPEB plan investment	-	228,081
Change in proportion	-	98,835
Contributions subsequent to the measurement date	433,630	-
	$ 1,639,734	$ 767,647

The $433,630 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, 2020.

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,		
2020	$	31,481
2021		31,481
2022		31,481
2023		69,297
2024		87,465
Thereafter		187,252
	$	438,457

Note 14—Sale of Murraygate project

As part of the necessary steps taken to finance the preservation and rehabilitation of Murraygate Village Apartments (the “Project”), the title of the Project was conveyed to FCRHA prior to closing. Assets, liabilities and net position as of December 12, 2018 for Murraygate are presented in Note 15. On December 13, 2018, FCRHA sold the Project at a price of $19,800,000 to the new owner, Murraygate Village Limited Partnership, in which the Authority is the managing general partner; and a third party unrelated to the Authority is the investor limited partner. As the change of ownership of Murraygate Project occurred on December 13, 2018 with a year end of December 31, 2018, activity occurring after the date of the sale is presented as a discretely presented component unit within Note 16.

Note 15—Condensed combining information for blended component units

	Blended Component Units											
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	FCRHA HCDC Two (Murraygate)	The Green	Castellani Meadows	Tavenner Lane	Herndon Harbor House II	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
ASSETS												
Current Assets:												
Cash in bank	$ 1,995,110	$ 944,393	$ 4,869,863	$ -	$ 462,790	$ 459,034	$ 310,909	$ 413,770	$ 9,455,869	$ 64,233,897	$ -	$ 73,689,766
Investments	424,466	-	-	-	-	-	-	-	424,466	7,595,000	-	8,019,466
Restricted deposits held in trust	65,613	27,007	177,332	-	72,720	14,056	11,609	29,506	397,843	3,470,695	-	3,868,538
Notes receivable, current	-	-	-	-	-	-	-	-	-	498,190	(173,149)	325,041
Other current assets	75	-	183,148	-	16,014	4,291	-	1,582	205,110	1,464,940	-	1,670,050
Accounts receivable, net of allowances	10,750	95	9,918	-	9,043	3,262	1,906	1,515	36,489	1,350,259	-	1,386,748
Total Current Assets	2,496,014	971,495	5,240,261	-	560,567	480,643	324,424	446,373	10,519,777	78,612,981	(173,149)	88,959,609
Noncurrent Assets:												
Restricted cash reserves	1,248,521	232,230	1,240,250	-	258,346	141,459	198,863	483,481	3,803,150	18,099,722	-	21,902,872
Notes receivable, net of current	-	-	-	-	-	-	-	-	-	51,583,664	(1,859,451)	49,724,213
Other noncurrent assets	-	-	-	-	-	-	-	-	-	1,199,204	-	1,199,204
Total Noncurrent Other Assets	1,248,521	232,230	1,240,250	-	258,346	141,459	198,863	483,481	3,803,150	70,882,590	(1,859,451)	72,826,289
Land and land improvements	1,035,634	-	2,484,121	-	246,400	214,040	446,598	737,559	5,164,352	33,900,555	-	39,064,907
Construction in progress	-	-	-	-	-	-	-	-	-	2,862,278	-	2,862,278
Buildings and improvements	10,011,007	5,731,350	13,498,492	-	4,415,141	2,696,247	3,063,767	5,858,138	45,274,142	136,185,992	-	181,460,134
Equipment		5,352	14,321	-	214,367	298,871	21,592	206,934	761,437	52,427	-	813,864
Accumulated depreciation	(9,914,812)	(2,881,012)	(12,432,117)	-	(2,540,714)	(1,790,458)	(1,752,977)	(3,223,497)	(34,535,587)	(95,196,659)	-	(129,732,246)
Total Capital Assets	1,131,829	2,855,690	3,564,817	-	2,335,194	1,418,700	1,778,980	3,579,134	16,664,344	77,804,593	-	94,468,937
Total Noncurrent Assets	2,380,350	3,087,920	4,805,067	-	2,593,540	1,560,159	1,977,843	4,062,615	20,467,494	148,687,183	(1,859,451)	167,295,226
Total Assets	$ 4,876,364	$ 4,059,415	$ 10,045,328	$ -	$ 3,154,107	$ 2,040,802	$ 2,302,267	$ 4,508,988	$ 30,987,271	$ 227,300,164	$ (2,032,600)	$ 256,254,835

Note 15—Condensed combining information for blended component units (continued)

	Blended Component Units											
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	FCRHA HCDC Two (Murraygate)	The Green	Castellani Meadows	Tavenner Lane	Herndon Harbor House II	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
DEFERRED OUTFLOWS OF RESOURCES	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,740,450	$ -	$ 10,740,450
LIABILITIES AND NET POSITION												
Current Liabilities:												
Accounts payable and accrued liabilities	98,531	27,620	638,775	-	203,226	7,928	74,241	33,391	1,083,712	2,877,823	79,544	4,041,079
Deposits held in trust	65,613	26,645	174,347	-	23,825	10,384	8,664	27,625	337,103	1,355,046	-	1,692,149
Unearned revenue	45,059	-	9,465	-	14,698	6,692	7,096	-	83,010	899,560	-	982,570
Accrued compensated absences	23,840	-	-	-	-	-	-	-	23,840	538,866	-	562,706
Current portion long-term debt, net	285,000	45,791	334,319	-	-	38,987	-	83,356	787,453	699,072	(168,134)	1,318,391
Total Current Liabilities	518,043	100,056	1,156,906	-	241,749	63,991	90,001	144,372	2,315,118	6,370,367	(88,590)	8,596,895
Noncurrent Liabilities:												
Noncurrent portion long-term debt, net	2,605,000	3,101,189	2,108,371	-	1,363,508	1,637,013	1,621,691	4,075,121	16,511,893	42,231,883	(1,944,010)	56,799,766
Other noncurrent liabilities	35,897	1,264,517	423,005	-	1,036,264	1,863,611	2,825,341	1,148,561	8,597,196	30,458,962	-	39,056,158
Total Noncurrent Liabilities	2,640,897	4,365,706	2,531,376	-	2,399,772	3,500,624	4,447,032	5,223,682	25,109,089	72,690,845	(1,944,010)	95,855,924
Total Liabilities	3,158,940	4,465,762	3,688,282	-	2,641,521	3,564,615	4,537,033	5,368,054	27,424,207	79,061,212	(2,032,600)	104,452,819
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	1,876,016	-	1,876,016
TOTAL NET POSITION (DEFICIT)	$ 1,717,424	$ (406,347)	$ 6,357,046	$ -	$ 512,586	$ (1,523,813)	$ (2,234,766)	$ (859,066)	$ 3,563,064	$ 157,103,386	$ -	$ 160,666,450

Note 15—Condensed combining information for blended component units (continued)

	Blended Component Units											
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	FCRHA HCDC Two (Murraygate)	The Green	Castellani Meadows	Tavenner Lane	Herndon Harbor House II	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
Operating Revenues:												
Rental	$ 1,292,963	$ 665,668	$ 2,202,980	$ 1,289,599	$ 518,950	$ 228,918	$ 180,739	$ 668,912	$ 7,048,729	$ 33,096,402	$ -	$ 40,145,131
Other	-	29,874	520,463	91,065	100,320	7,728	23,346	30,438	803,234	7,078,947	(776,578)	7,105,603
Total Operating Revenues	1,292,963	695,542	2,723,443	1,380,664	619,270	236,646	204,085	699,350	7,851,963	40,175,349	(776,578)	47,250,734
Operating Expenses:												
Personnel services	647,853	121,415	363,103	250,892	156,089	44,476	61,257	118,520	1,763,605	18,076,534	-	19,840,139
Contractual services	-	11,210	12,060	10,540	11,210	11,210	-	11,210	67,440	268,326	-	335,766
Utilities	145,685	71,146	311,055	328,466	170,447	3,545	51,560	-	1,081,904	4,056,641	-	5,138,545
Repairs and maintenance	187,614	148,480	521,937	294,366	213,529	43,927	53,486	145,215	1,608,554	5,531,448	-	7,140,002
Other supplies and expenses	55,261	151,164	575,560	225,525	327,867	90,193	57,897	233,574	1,717,041	5,008,447	(776,578)	5,948,910
Housing assistance payments	-	-	-	-	-	-	-	-	-	61,035,107	-	61,035,107
Depreciation and amortization	6,610	143,416	468,395	297,809	111,846	70,414	75,426	146,320	1,320,236	2,898,302	-	4,218,538
Total Operating Expenses	1,043,023	646,831	2,252,110	1,407,598	990,988	263,765	299,626	654,839	7,558,780	96,874,805	(776,578)	103,657,007
Operating Income (Loss)	249,940	48,711	471,333	(26,934)	(371,718)	(27,119)	(95,541)	44,511	293,183	(56,699,456)	-	(56,406,273)
Nonoperating Revenues (Expenses):												
Intergovernmental revenue	265,637	-	227,004	225,066	350,305	-	75,381	-	1,143,393	73,319,671	-	74,463,064
Owner distribution	-	-	(11,383)	-	-	-	-	-	(11,383)	-	-	(11,383)
Interest income	37,784	1,389	12,241	665	359	83	430	1,263	54,214	1,487,384	-	1,541,598
Interest expense	(184,526)	(89,466)	(50,098)	(28,831)	(44,159)	(98,338)	(246,735)	(141,738)	(883,891)	(230,757)	-	(1,114,648)
Other nonoperating (expense) income	-	-	-	-	-	-	-	-	-	2,600	-	2,600
Gain on sale	-	-	-	-	-	-	-	-	-	9,877,961		9,877,961
Contribution to County	-	-	-	-	-	-	-	-	-	(7,050,487)	-	(7,050,487)
Contribution from County	-	-	-	-	-	-	-	-	-	6,661,415	-	6,661,415
Total Nonoperating Revenues (Expenses), net	118,895	(88,077)	177,764	196,900	306,505	(98,255)	(170,924)	(140,475)	302,333	84,067,787	-	84,370,120
Transfers	-	-	-	(4,453,246)	-	-	-	-	(4,453,246)	4,453,246	-	-
Change in net position	368,835	(39,366)	649,097	(4,283,280)	(65,213)	(125,374)	(266,465)	(95,964)	(3,857,730)	31,821,577	-	27,963,847
Net position (deficit), beginning of year	1,348,589	(366,981)	5,707,949	4,283,280	577,799	(1,398,439)	(1,968,301)	(763,102)	7,420,794	125,281,809	-	132,702,603
Net position (deficit), end of year	$ 1,717,424	$ (406,347)	$ 6,357,046	$ -	$ 512,586	$ (1,523,813)	$ (2,234,766)	$ (859,066)	$ 3,563,064	$ 157,103,386	$ -	$ 160,666,450

Note 15—Condensed combining information for blended component units (continued)

	Blended Component Units											
	Little River Glen	**Herndon Harbor House I**	**FCRHA HCDC One (Stonegate)**	**FCRHA HCDC Two (Murraygate)**	**The Green**	**Castellani Meadows**	**Tavenner Lane**	**Herndon Harbor House II**	**Total Blended Component Unit**	**FCRHA**	**Eliminations**	**Primary Government**
Cash flows from operating activities:												
Cash received from tenants	$ 1,283,841	$ 665,633	$ 2,198,594	$ 1,297,025	$ 554,213	$ 234,102	$ 188,208	$ 667,787	$ 7,089,403	$ 32,092,808	$ -	$ 39,182,211
Cash received for services/fees	-	29,874	520,722	91,065	100,320	7,728	23,346	30,438	803,493	7,213,146	(5,728,500)	2,288,139
Purchase of property held for sale	-	-	-	-	-	-	-	-	-	(1,860,524)	-	(1,860,524)
Cash received from sale of property held for sale	-	-	-	-	-	-	-	-	-	2,194,615	-	2,194,615
Payments to employees for services	(647,853)	(121,415)	(363,103)	(250,892)	(156,089)	(44,476)	(61,257)	(118,520)	(1,763,605)	(17,777,044)	-	(19,540,649)
Housing assistance payments	-	-	-	-	-	-	-	-	-	(61,035,107)	-	(61,035,107)
Payments to suppliers for goods and services	(343,933)	(87,410)	(2,448,698)	(1,273,564)	(736,034)	(58,197)	(158,520)	(354,652)	(5,461,008)	(14,795,472)	5,812,726	(14,443,754)
Net cash provided by (used in) operating activities	292,055	486,682	(92,485)	(136,366)	(237,590)	139,157	(8,223)	225,053	668,283	(53,967,578)	84,226	(53,215,069)
Cash flows from noncapital financing activities:												
Intergovernmental revenues received	265,637	-	228,268	225,066	350,305	-	75,374	-	1,144,650	73,414,288	-	74,558,938
Transfer of Limited Partnership	-	-	-	(2,373,357)	-	-	-	-	(2,373,357)	-	-	(2,373,357)
Sale of Murraygate project	-	-	-	-	-	-	-	-	-	15,538,926	-	15,538,926
Owner Distribution	-	-	(11,383)	-	-	-	-	-	(11,383)	-	-	(11,383)
Contribution to (from) County	-	-	-	-	-	-	-	-	-	(2,863,859)	-	(2,863,859)
Net cash provided by (used in) noncapital financing activities	265,637	-	216,885	(2,148,291)	350,305	-	75,374	-	(1,240,090)	86,089,355	-	84,849,265
Cash flows from capital financing activities:												
Purchase of capital assets	(21,969)	(7,955)	-	(345,124)	(16,014)	-	-	(7,955)	(399,017)	(3,151,023)	-	(3,550,040)
Interest/finance cost paid	(184,526)	(33,611)	(35,596)	(24,123)	-	(45,933)	-	(76,429)	(400,218)	(230,331)	-	(630,549)
Issuance of debt	-	-	-	-	-	-	-	-	-	20,000,000	-	20,000,000
Debt principal paid	(270,000)	(42,981)	(79,294)	-	-	(36,668)	-	(78,514)	(507,457)	(2,547,254)	158,163	(2,896,548)
Net cash provided by (used in) financing activities	(476,495)	(84,547)	(114,890)	(369,247)	(16,014)	(82,601)	-	(162,898)	(1,306,692)	14,071,392	158,163	12,922,863
Cash flows from investing activities:												
Receipt of loans and advances repayments	-	-	68,563	-	22,699	-	-	-	91,262	567,512	(158,163)	500,611
Disbursement of loans and advances receivable	-	-	-	-	-	-	-	-	-	(27,860,621)	-	(27,860,621)
Maturity of investments	15,847	-	-	-	-	-	-	-	15,847	-	-	15,847
Acquisition of investments	-	-	-	-	-	-	-	-	-	(735,000)	-	(735,000)
Interest on investments	37,785	1,389	12,241	665	359	83	430	1,263	54,215	1,487,383	-	1,541,598
Net cash provided by (used in) investing activities	53,632	1,389	80,804	665	23,058	83	430	1,263	161,324	(26,540,726)	(158,163)	(26,537,565)
Net increase (decrease) in cash and cash equivalents	134,829	403,524	90,314	(2,653,239)	119,759	56,639	67,581	63,418	(1,717,175)	19,652,443	84,226	18,019,494
Cash and cash equivalents, beginning of year	3,174,415	800,106	6,197,131	2,653,239	674,097	557,910	453,800	863,339	15,374,037	66,151,871	(84,226)	81,441,682
Cash and cash equivalents, end 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

Note 15—Condensed combining information for blended component units (continued)

	Blended Component Units											
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	FCRHA HCDC Two (Murraygate)	The Green	Castellani Meadows	Tavenner Lane	Herndon Harbor House II	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities												
Operating income (loss)	$ 249,940	$ 48,711	$ 471,333	$ (26,934)	$ (371,718)	$ (27,119)	$ (95,541)	$ 44,511	$ 293,183	$ (56,699,456)	$ -	$ (56,406,273)
Depreciation and amortization	6,610	143,416	468,395	297,809	111,846	70,414	75,426	146,320	1,320,236	2,898,302	-	4,218,538
Loss (gain) on sale of assets	-	-	35,654	-	-	-	-	-	35,654	(1,578)	-	34,076
Provision for doubtful accounts	-	-	259	-	-	-	-	-	259	185,863	-	186,122
(Increase) decrease in accounts receivable	(7,297)	(35)	(2,618)	56,986	20,565	(1,508)	7,193	(1,125)	72,161	176,862	-	249,023
(Increase) decrease in prepaid items and other assets	(75)	359,175	(177,263)	-	(16,014)	-	-	28,353	194,176	(195,346)	-	(1,170)
(Increase) decrease in net pension liability and related outflows/inflows	-	-	-	-	-	-	-	-	-	1,017,419	-	1,017,419
(Increase) decrease in net OPEB liability and related outflows/inflows	-	-	-	-	-	-	-	-	-	(548,133)	-	(548,133)
Increase (decrease) in accounts payable and accrued liabilities	43,226	(65,857)	(887,644)	(402,171)	22,760	90,231	3,461	6,607	(1,189,387)	485,674	-	(703,713)
Increase (decrease) in due to County	-	-	-	-	-	-	-	-	-	(84,226)	84,226	-
Increase (decrease) in deposits held in trust	1,401	1,272	1,167	(12,496)	(19,727)	447	962	387	(26,587)	29,161	-	2,574
Increase (decrease) in deferred revenues	(1,750)	-	(1,768)	(49,560)	14,698	6,692	276	-	(31,412)	(1,232,120)	-	(1,263,532)
Net cash provided by (used in) operating activities	$ 292,055	$ 486,682	$ (92,485)	$ (136,366)	$ (237,590)	$ 139,157	$ (8,223)	$ 225,053	$ 668,283	$ (53,967,578)	$ 84,226	$ (53,215,069)
Noncash capital activities:												
Contributions to County	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,723,635)	$ -	$ (1,723,635)
Contributions from County	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,200,000	$ -	$ 4,200,000

Note 16—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, 2018 is as follows:

	Gum Springs Glen	Morris Glen	Olley Glen	Cedar Ridge	Murraygate Village	Total
ASSETS						
Current Assets:						
Cash in bank	$ 511,895	$ 550,915	$ 1,424,126	$ 2,230,709	$ 2,780,367	$ 7,498,012
Restricted deposits held in trust	31,596	22,350	76,148	130,940	109,799	370,833
Accounts receivable, net of allowances	8,164	1,811	427	14,368	25,405	50,175
Prepaid expenses and other assets, current	10,966	-	-	-	-	10,966
Notes, mortgages, and other receivables	-	-	-	14,403	-	14,403
Total Current Assets	562,621	575,076	1,500,701	2,390,420	2,915,571	7,944,389
Noncurrent Assets:						
Restricted cash reserves	401,839	154,917	793,679	2,097,745	20,670,300	24,118,480
Other assets, noncurrent	-	-	29,385	9,463	-	38,848
Total Other Assets	401,839	154,917	823,064	2,107,208	20,670,300	24,157,328
Land and land improvements	514,977	325,892	3,150,098	1,595,717	2,244,000	7,830,684
Buildings and improvements	5,384,602	5,111,878	14,378,060	17,223,945	1,282,876	43,381,361
Equipment	150,392	121,643	377,345	387,913	18,651	1,055,944
Construction in progress	-	-	-	-	1,525,738	1,525,738
Accumulated depreciation	(2,264,614)	(4,504,801)	(4,954,592)	(5,254,920)	(2,348)	(16,981,275)
Total Capital Assets	3,785,357	1,054,612	12,950,911	13,952,655	5,068,917	36,812,452
Total Noncurrent Assets	4,187,196	1,209,529	13,773,975	16,059,863	25,739,217	60,969,780
Total Assets	$ 4,749,817	$ 1,784,605	$ 15,274,676	$ 18,450,283	$ 28,654,788	$ 68,914,169
LIABILITIES AND PARTNERS' EQUITY (DEFICIT)						
Current Liabilities:						
Accounts payable	$ 277,039	$ 33,436	$ 25,601	$ 92,014	$ 91,352	$ 519,442
Accrued interest payable	926,667	1,633	-	99,344	-	1,027,644
Due to FCRHA	-	35,000	980,593	-	-	1,015,593
Deposits held in trust	32,827	17,182	48,322	102,524	78,830	279,685
Unearned revenue	834	15,481	52,682	40,064	43,716	152,777
Current portion long-term debt	62,930	23,632	44,176	317,217	-	447,955
Total Current Liabilities	1,300,297	126,364	1,151,374	651,163	213,898	3,443,096
Noncurrent Liabilities:						
Noncurrent portion long-term debt, net	2,097,419	2,298,033	13,346,229	13,259,851	32,058,653	63,060,185
Noncurrent accrued interest payable	-	405,144	3,009,529	581,977	-	3,996,650
Total Noncurrent Liabilities	2,097,419	2,703,177	16,355,758	13,841,828	32,058,653	67,056,835
Total Liabilities	3,397,716	2,829,541	17,507,132	14,492,991	32,272,551	70,499,931
Total Partners' Equity (Deficit)	1,352,101	(1,044,936)	(2,232,456)	3,957,292	(3,617,763)	(1,585,762)
Total Liabilities and Partners' Equity (Deficit)	$ 4,749,817	$ 1,784,605	$ 15,274,676	$ 18,450,283	$ 28,654,788	$ 68,914,169

Note 16—Related party transactions (continued)

	Gum Springs Glen	Morris Glen	Olley Glen	Cedar Ridge	Murraygate Village	Total
Operating Revenue:						
Rental	$ 681,720	$ 651,106	$ 949,440	$ 1,136,606	$ 38,435	$ 3,457,307
Other	45,018	48,365	113,558	300,581	971	508,493
Total Operating Revenue	726,738	699,471	1,062,998	1,437,187	39,406	3,965,800
Operating Expenses:						
Personnel services	152,922	143,337	193,770	273,834	31,749	795,612
Contractual services	14,195	14,045	14,195	17,745	-	60,180
Utilities	-	70,979	101,781	195,354	85,942	454,056
Repairs and maintenance	61,047	131,846	137,416	391,251	13,000	734,560
Other supplies and expenses	317,288	154,510	258,342	750,486	5,088	1,485,714
Depreciation and amortization	134,310	166,549	606,867	441,278	2,348	1,351,352
Total Operating Expenses	679,762	681,266	1,312,371	2,069,948	138,127	4,881,474
Operating Income (Loss)	46,976	18,205	(249,373)	(632,761)	(98,721)	(915,674)
Nonoperating Revenues (Expenses):						
Intergovernmental revenue	-	-	141,370	1,560,990	-	1,702,360
Interest income	3,434	241	5,524	9,028	363	18,590
Interest expense	(116,455)	(66,280)	(754,115)	(863,103)	(301,526)	(2,101,479)
Total Nonoperating Revenues (Expenses), net	(113,021)	(66,039)	(607,221)	706,915	(301,163)	(380,529)
Income (Loss) Before Adjustments to Partners' Equity	(66,045)	(47,834)	(856,594)	74,154	(399,884)	(1,296,203)
Adjustments to Partners' Equity (Deficit):						
Contribution from limited partner	-	-	-	-	2,507,400	2,507,400
Excess of consideration paid over net assets acquired	-	-	-	-	(13,585,400)	(13,585,400)
General partner seller take-back loan	-	-	-	-	7,860,121	7,860,121
Total Adjustments to Partners' Equity (Deficit)	-	-	-	-	(3,217,879)	(3,217,879)
Partners' equity (deficit), beginning of year,	1,418,146	(997,102)	(1,375,862)	3,883,138	-	2,928,320
Partners' equity (deficit), end of year	$ 1,352,101	$ (1,044,936)	$ (2,232,456)	$ 3,957,292	$ (3,617,763)	$ (1,585,762)

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, 2019

	2019	2018	2017	2016	2015
Authority's proportion of net pension liability	1.7116%	1.6624%	1.6146%	1.6215%	1.6799%
Authority's proportionate share of net pension liability	$ 28,246,002	$ 26,903,629	$ 24,644,244	$ 20,857,233	$ 17,501,779
Authority's covered payroll	$ 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	221.3%	221.5%	215.5%	187.2%	155.1%
Plan fiduciary net position as a percentage of total pension liability	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, 2019

	2019	2018	2017	2016	2015	2014
Actuarial determined contributions	$ 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	$ 3,319,022	$ 3,227,653	$ 2,781,412	$ 2,515,234	$ 2,245,647	$ 2,177,501
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 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	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.

SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

JUNE 30, 2019

	2019	2018
Authority's proportion of the net OPEB liability	1.71%	1.85%
Authority's proportionate share of the net OPEB liability	$ 1,577,823	$ 791,633
Authority's covered employee payroll	$ 17,321,851	$ 16,804,930
Authority's proportionate share of the net OPEB liability as a percentage of covered employee payroll	9.11%	4.71%
Plan fiduciary net position as a percentage of the total OPEB liability	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.

SCHEDULE OF AUTHORITY'S OPEB CONTRIBUTIONS
(DOLLAR AMOUNTS IN THOUSANDS)

JUNE 30, 2019

	Fiscal Year Ending 2019	Fiscal Year Ending 2018	Fiscal Year Ending 2017
Actuarially Determined Contribution	$ 385	$ 412	$ 375
Contributions Made in Relation to the Actuarially Determined Contribution	434	463	518
Contribution Deficiency (Excess)	(49)	(51)	(143)
Covered Employee Payroll	15,764	17,322	16,805
Contributions as a Percentage of Payroll	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.

SUPPLEMENTARY INFORMATION

2015 Capital Fund Program Grant:	**VA39P019501-15**
Funds approved	$ 1,538,965
Funds expended	1,538,965
Excess of funds approved	$ -
Funds advanced	$ 1,538,965
Funds expended	1,538,965
Excess of funds advanced	$ -

2016 Capital Fund Program Grant:	**VA39P019501-16**
Funds approved	$ 1,628,992
Funds expended	1,628,992
Excess of funds approved	$ -
Funds advanced	$ 1,628,992
Funds expended	1,628,992
Excess of funds advanced	$ -

2017 Capital Fund Program Grant:	**VA39P019501-17**
Funds approved	$ 1,649,411
Funds expended	1,649,411
Excess of funds approved	$ -
Funds advanced	$ 1,649,411
Funds expended	1,649,411
Excess of funds advanced	$ -

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, 2019, 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 20, 2019. 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") to determine the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. 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.*

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 20, 2019