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, 2021

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)
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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Supervisors
County of Fairfax, Virginia

To 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, 2021, 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 the seven blended component units (Herndon Harbor House I, Herndon Harbor House II, FCRHA HCDC One (Stonegate), The Green, Castellani Meadows, Morris Glen, and Tavenner Lane), which represent 13.0%, 0.1%, and 5.6%, respectively, of the assets, net position, and revenues of the business-type activities. We did not audit the financial statements of the four discretely presented component units, which represent 100%, of the assets, net position, 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), The Green, Castellani Meadows, Morris Glen, Tavenner Lane and three of the discretely presented component units (Gum Springs Glen, Murraygate Village, 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.

Opinions

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, 2021, 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.

Emphasis of Matter

Change in Reporting Entity
As described in Note 14 to the financial statements, effective during the fiscal year ended June 30, 2021, the Authority controls the partnership interest for one of its previously reported discretely presented component units and has restated net position to reflect presentation as a blended component unit. Our opinion is not modified with respect to this matter.

Correction of an Error
As described in Note 14 to the financial statements, the Authority restated beginning net position to correct an error in the accounting basis of forgivable loans for certain blended component units. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 and other auditors 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021 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 15, 2021

Introduction

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

The FCRHA's fiscal year ("FY") 2021 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, 2021, 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, The Green, Tavenner, Morris Glen 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, 2021 are included in the balances of the enterprise fund.

Financial Highlights for FY 2021

The FCRHA's FY 2021 financial highlights included the following:

- Total assets, deferred outflows of resources, liabilities and deferred inflows of resources of the FCRHA were approximately $239.4 million, $10.2 million, $76.6 million and $4.1 million respectively; thus, total net position was approximately $168.9 million at June 30, 2021. Of this amount, approximately $52.4 million (unrestricted net position) may be used to meet the FCRHA's future operational needs.

- Total revenues and expenses were approximately $123.5 million and $119.7 million, respectively, resulting in an increase in net position of approximately $3.8 million as compared to net position decrease of approximately $1.4 million for the prior year, a decrease of 371.4%. The increase in net position is primarily related to higher intergovernmental revenue which was $11.7 million higher than the previous year's level, increase in other operating revenue and lower net contribution to the County.

- Cash and cash equivalents increased by approximately $17.1 million mostly related to an increase in intergovernmental revenue.

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* consists 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, 2021 and 2020.

Table 1
Summary of Net Position
(in millions)

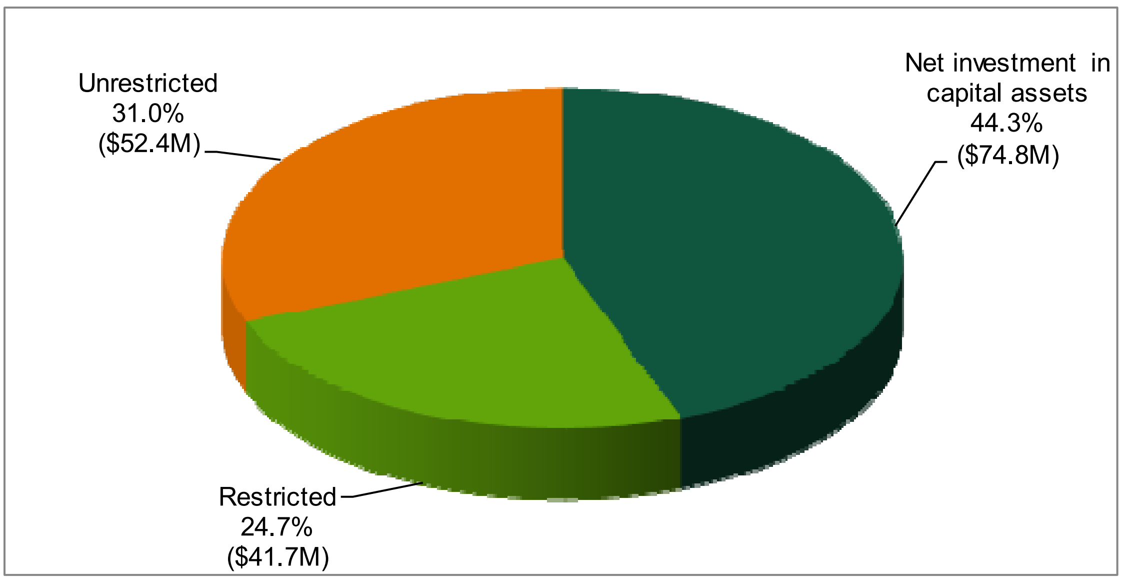
Description	2021	2020 (*)	Increase (Decrease)	% Change
Current and other assets	$ 148.5	$ 160.1	$ (11.6)	-7.2%
Capital assets	90.9	96.5	(5.6)	-5.8%
Total Assets	239.4	256.6	(17.2)	-6.7%
Deferred outflow of resources	10.2	9.5	0.7	7.4%
Current liabilities	10.2	29.6	(19.4)	-65.5%
Noncurrent liabilities	66.4	68.7	(2.3)	-3.3%
Total Liabilities	76.6	98.3	(21.7)	-22.1%
Deferred inflow of resources	4.1	2.7	1.4	51.9%
Net Position:				
Net investment in capital assets	74.8	78.9	(4.1)	-5.2%
Restricted	41.7	30.1	11.6	38.5%
Unrestricted	52.4	56.1	(3.7)	-6.6%
Total Net Position	$ 168.9	$ 165.1	$ 3.8	2.3%

*restated due to change in reporting entity and correction of error

As of June 30, 2021, the FCRHA's net position totaled approximately $168.9 million, an increase of approximately $3.8 million, or 2.3%, over the net position as of June 30, 2020. This change was due to a significant decrease in current liabilities due to pay off of debt.

The FCRHA's total net position also consisted of restricted net position of $41.7 million at June 30, 2021 and $30.1 million at June 30, 2020, and unrestricted net position of $52.4 million and $56.1 million at June 30, 2021 and 2020, respectively. Restricted net position of $41.7 million represents 24.7% of the FCRHA's FY 2021 net position and unrestricted of $52.4 million represents 31.0%. 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, 2021.

Composition of FCRHA's Net Position ($168.9M)



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 2021, the FCRHA's enterprise programs realized an increase in net position of approximately $3.8 million. Table 2 presents a summary of data from the FCRHA's statement of revenues, expenses, and changes in net position for FY 2021 and FY 2020 and a comparative analysis of activities in these years.

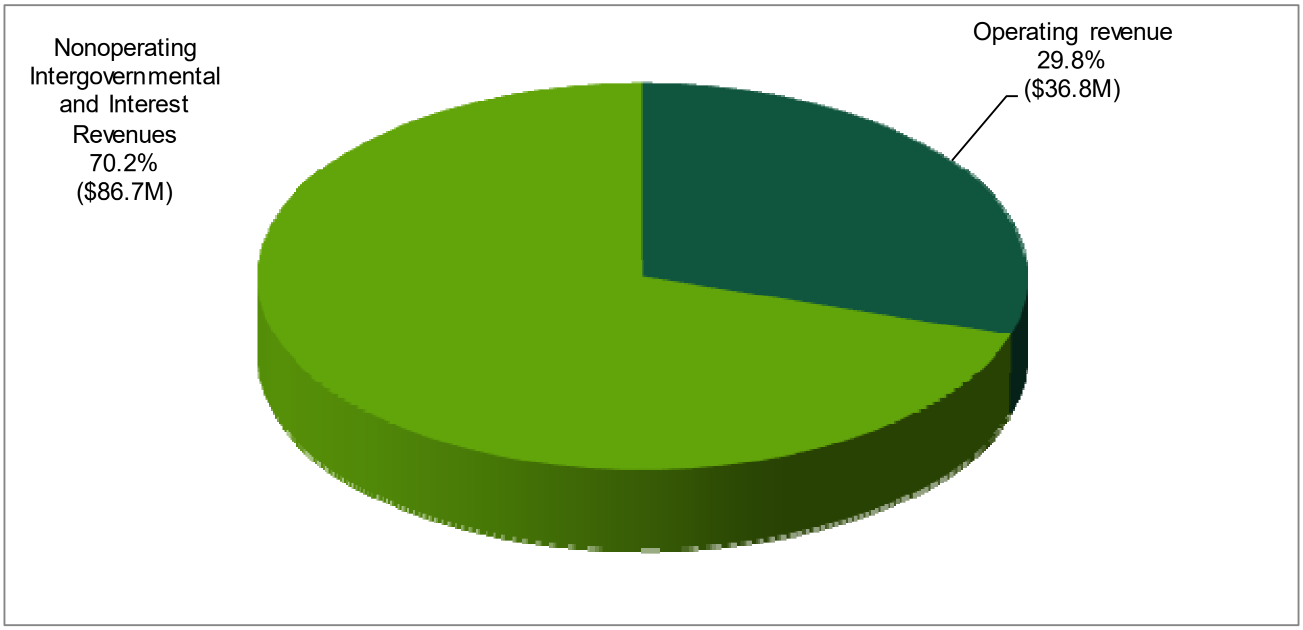
Table 2
Summary of Revenues, Expenses, and Changes in Net Position
(in millions)

Description	2021	2020 *	Increase (Decrease)	% Change
Revenues:				
Operating revenues	$ 36.8	$ 36.6	$ 0.2	0.5%
Nonoperating revenues and contributions	86.7	82.6	4.1	5.0%
Total revenues	123.5	119.2	4.3	3.6%
Expenses:				
Operating expenses	104.1	102.9	1.2	1.2%
Nonoperating expenses	15.6	17.7	(2.1)	-11.9%
Total expenses	119.7	120.6	(0.9)	-0.7%
Changes in net position	3.8	(1.4)	5.2	-371.4%
Total net position, beginning of year, restated	165.1	166.5	(1.4)	-0.8%
Total net position, end of year	$ 168.9	$ 165.1	$ 3.8	2.3%

*restated due to change in reporting entity and correction of error

Total FCRHA revenues in FY 2021 were $123.5 million, comprised of operating and nonoperating revenues. Operating revenues contributed $36.8 million with 29.8% 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 $4.3 million or 3.6%. Overall, operating revenues were up by approximately $0.2 million or 0.5%. Nonoperating revenues made up $86.7 million with 70.2% coming from federal grants from HUD, County contributions and interest revenue. Nonoperating revenues reflected an increase of approximately $4.1 million or 5.0%. The total net position for FY 2021 was $168.9 million as compared to $165.1 million in the prior year, an overall increase over the prior year of $3.8 million or 2.3%.

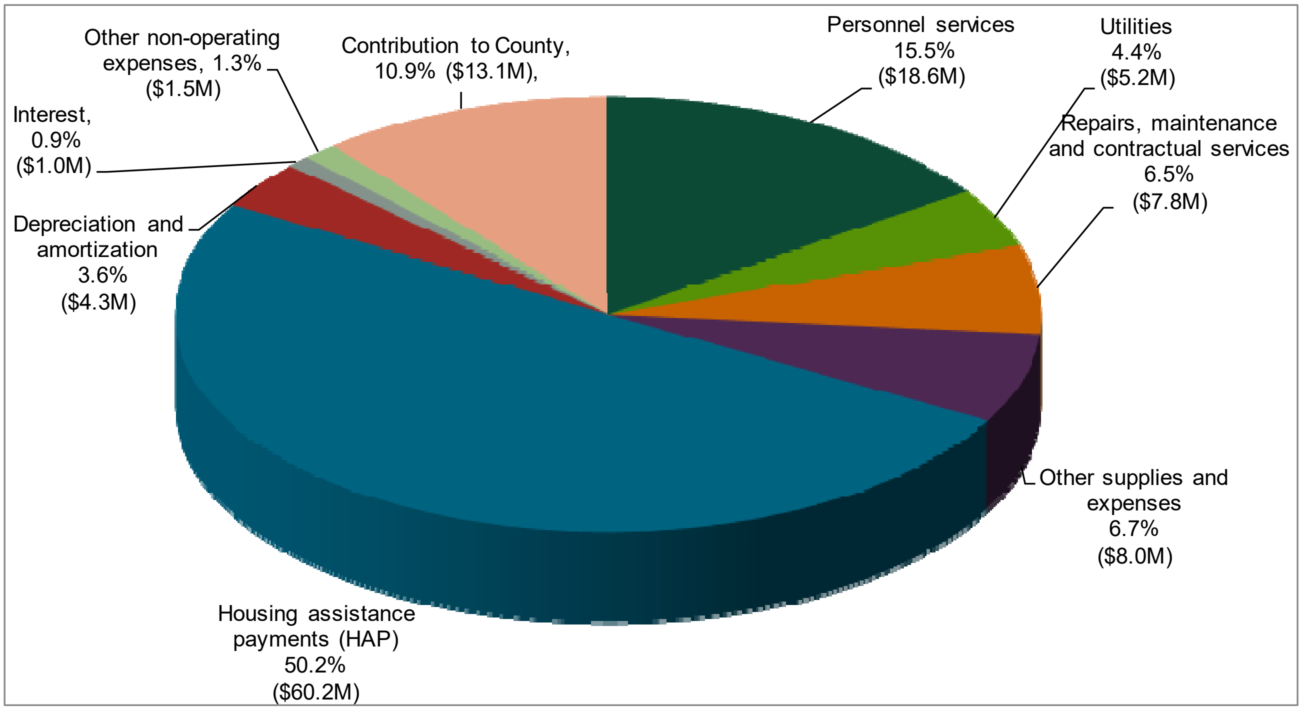
FCRHA's Enterprise Programs
Total Revenues ($123.5M)



The FCRHA's operating expenses in FY 2021 increased by approximately $1.2 million, or 1.2% from the prior year. The Housing Assistance Payments ("HAP") in the Housing Choice Voucher ("HCV") increased by $2.5 million, comprising 50.2% of operating expenses, other supplies and expenses accounted for $1.9 million increase, or 6.7% of total while personnel services decreased by $1.8 million or 15.5% of total operating expenses.

In FY 2021, the FCRHA incurred total expenses in its enterprise programs totaling approximately $119.7 million. The following pie chart illustrates major operating expense groups and their relative percentage of the total.

FCRHA's Enterprise Programs
Total Expenses ($119.7M)



Capital Assets and Debt Administration

Capital Assets. The FCRHA's capital assets at June 30, 2021 and 2020, included land, buildings and improvements, equipment, and construction in progress which totaled $90.9 million and $96.5 million, respectively, net of accumulated depreciation of approximately $132.6 million and $138.4 million at June 30, 2021 and 2020, respectively. For further details see Note 5, Capital Assets.

Short-Term and Long-Term Debt. The FCRHA's June 30, 2021 and 2020 statement of net position includes debt – consisting of housing loans, notes, and bonds payable - of approximately $33.5 million and $54.9 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, 2021, more than 17,600 individuals are served by FCRHA housing programs. The FCRHA owns and/or operates a total of 3,005 units of multifamily housing, 505 units of independent senior housing, 112 beds of assisted living, and 205 units/beds of specialized housing—including group homes, shelter facilities and a mobile home park with 115 pads.

The preservation of affordable rental housing has long been a concern of the Fairfax County Board of Supervisors and the FCRHA. The stock of privately-owned subsidized units and non-subsidized rental housing with modest rents in the county has been declining as owners reposition their properties in the market. The centerpiece of the initiative is the Affordable Housing Development and Investment 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 FY 2021 was approximately $13.25 million. In 2019, the Affordable Housing Resources Panel (“AHRP”), a group of citizens tasked by the Board of Supervisors to develop recommendations for Phase II of the Communitywide Housing Strategic Plan, presented its report to the Board's Budget Committee. The Board of Supervisors adopted the AHRP Phase II recommendations including to produce 5,000 affordable units by 2034 and attain no net loss of market affordable housing. From FY 2019 to FY 2021, 123 affordable housing units 60 percent AMI and below have been created, and 628 units have been preserved.

Adopted by the Board of Supervisors in April 2019, FY 2021 Budget Guidance directed staff to implement the AHRP Phase II recommendations. Phase II of the plan requires action in five strategic categories:

- Need, new production goals, and resources
- Preservation of affordable housing units
- Land use policies and regulations
- Institutional capacity
- Community awareness and legislative priorities

In the Fall of 2019, County staff briefed the Board on a plan to use additional funding in the FY 2021 Advertised Budget to spur affordable housing development in Fairfax County, with the aim of producing at least 5,000 new affordable units by 2034. However, due to the financial impacts of the COVID-19 Pandemic in the Spring of 2020, the additional “penny” was not included in the FY 2021 Adopted Budget. In June 2020, the Board of Supervisors and County staff reiterated the continued local commitment to develop new affordable housing opportunities and to strengthen affordable housing preservation efforts within existing communities throughout Fairfax County.

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

In FY 2022, the Bridging Affordability Program was replaced by the Rental Subsidy and Services Program ("RSSP"). The RSSP 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. Under the Bridging Affordability Program, as of the end of June 2021, a total of 659 households had leased up. Eighty-eight percent (88 percent) of the households had exited the program and moved into sustainable housing. The average income of all households under lease in FY 2021 was $18,144.

Fairfax County utilizes the Affordable Dwelling Unit Program ("ADU Program"), which is mandatory under the Zoning Ordinance to produce new for-sale or rental ADUs. The ADU Program requires developers of new residential construction to set aside either 5 or 6.25 percent of multifamily construction and 12.5 percent single-family construction as ADUs in return for bonus density. The FCRHA has the right to acquire one-third of the for-sale ADUs to lease as rental units. The remaining for-sale ADUs are sold to low- or moderate-income households through the First-time Homebuyers Program. As of the end of FY 2021, a total of 2,929 units (1,429 rental and 1,500 for-sale) have been produced under the ADU Program; the FCRHA acquired 168 of the for-sale units, which are maintained as permanent affordable rental housing.

Fairfax County's Workforce Dwelling Unit Policy ("WDU Policy") within the Comprehensive Plan is a proffer-based incentive system designed to encourage the voluntary development of new residential construction serving a range of moderate-income households in mixed-use and high-density areas. The WDU Program expects developers to set aside between 8 and 20 percent of new residential construction as WDUs in return for bonus density. As of the end of FY 2021, approximately 7,700 WDUs were committed by private developers through the Board of Supervisors approved rezoning actions but have not been constructed. As of the end of FY 2021, a total of 1,704 units (1,679 rental and 25 for-sale) have been produced under the WDU Program.

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

Resident Services

For the FCRHA, the work of affordable housing extends beyond the business of construction, property management, real estate finance and investment, and application administration. It is deeply rooted to the individual, the family and the community and to providing tools, training, and resources to help residents achieve housing stability and self-sufficiency. Through the PROGRESS Center, residents can find access to resources and training to improve their financial management and repair credit, obtain employment, develop skills, and advance education to better compete for higher paying jobs in the local workforce. Staff in the PROGRESS Center can also help connect participants to a variety of available County- and community-based resources to help them succeed. The FCRHA also provides the Home Repair for the Elderly Program which provides free skilled labor and up to $500 in materials cost at no charge to qualified applicants in order to complete small handyman-sized projects for their home.

COVID-19 Operations

Throughout Fiscal Year 2021, staff worked tirelessly to adapt every function of HCD's and the FCRHA's operations to meet the challenge of providing essential services and continuing to advance affordable housing development and preservation efforts amid the COVID-19 pandemic. The "Moving to Work" designation provided by the U.S. Department of Housing and Urban Development to high-performing housing authorities has helped significantly in enabling the FCRHA to make quick adjustments to rapidly evolving conditions.

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, 2021

	Enterprise Fund	Component Units	Total Reporting Entity
ASSETS			
Current Assets:			
Cash in bank (Note 2)	$ 34,091,793	$ 7,041,352	$ 41,133,145
Cash on deposit with the County of Fairfax, Virginia (Note 2)	24,333,274	-	24,333,274
Cash reserves (Note 2)	7,308,880	-	7,308,880
Investments (Note 3)	2,205,000	-	2,205,000
Restricted Cash:			
Cash reserves (Note 2)	8,600,755	-	8,600,755
Deposit held in trust (Note 2)	8,721,783	386,760	9,108,543
Investments (Note 3)	1,212,739	-	1,212,739
Accrued interest receivable	151,743	-	151,743
Accounts receivable (net of allowances) (Note 4)	5,314,675	109,223	5,423,898
Notes, mortgages, and other receivables (Note 4)	239,901	-	239,901
Prepaid items and other assets	387,098	114,942	502,040
Total Current Assets	92,567,641	7,652,277	100,219,918
Noncurrent Assets:			
Restricted assets:			
Cash reserves (Note 2)	25,015,133	29,928,348	54,943,481
Total Restricted Assets	25,015,133	29,928,348	54,943,481
Other Noncurrent Assets:			
Notes, mortgages and other receivables (net of allowances) (Note 4)	28,150,084	-	28,150,084
Prepaid items and other assets	2,722,883	100,991	2,823,874
Total Other Noncurrent Assets	30,872,967	100,991	30,973,958
Capital Assets (Note 5):			
Nondepreciable:			
Land	36,886,081	7,504,792	44,390,873
Construction in progress	3,876,835	-	3,876,835
Depreciable:			
Buildings and improvements	181,559,343	53,861,041	235,420,384
Equipment	1,180,607	6,205,575	7,386,182
Accumulated depreciation	(132,581,600)	(15,315,075)	(147,896,675)
Total Capital Assets, net	90,921,266	52,256,333	143,177,599
Total Noncurrent Assets	146,809,366	82,285,672	229,095,038
Total Assets	239,377,007	89,937,949	329,314,956

JUNE 30, 2021

	Enterprise Fund	Component Units	Total Reporting Entity
DEFERRED OUTFLOWS			
Deferred outflow for pension (Note 12)	$ 8,315,152	$ -	$ 8,315,152
Deferred outflow for OPEB (Note 13)	1,905,940	-	1,905,940
Total Deferred Outflows	10,221,092	-	10,221,092
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	3,387,627	2,040,809	5,428,436
Accrued salaries and benefits	1,003,133	-	1,003,133
Deposits held in trust	1,835,276	291,663	2,126,939
Unearned revenue	781,354	174,239	955,593
Due to FCRHA	-	1,682,405	1,682,405
Accrued compensated absences (Note 7)	469,185	7,747	476,932
Loans, notes, and bonds payable, net of deferred financing fees (Note 6)	2,762,582	24,563,045	27,325,627
Total Current Liabilities	10,239,157	28,759,908	38,999,065
Noncurrent Liabilities:			
Accrued compensated absences (Note 7)	417,797	29,662	447,459
Loans, notes, and bonds payable, net of deferred financing fees (Note 6)	30,787,088	50,060,939	80,848,027
Net pension liability (Note 12)	29,262,385	-	29,262,385
Net OPEB liability (Note 13)	291,271	-	291,271
Other accrued long-term interest	5,653,399	8,976,546	14,629,945
Total Noncurrent Liabilities	66,411,940	59,067,147	125,479,087
Total Liabilities	76,651,097	87,827,055	164,478,152
Deferred Inflows			
Deferred Inflow for pension (Note 12)	1,541,237	-	1,541,237
Deferred inflow for OPEB (Note 13)	2,550,290	-	2,550,290
Total Deferred Inflows	4,091,527	-	4,091,527
NET POSITION (DEFICIT)			
Net investment in capital assets	74,757,675	1,794,996	76,552,671
Restricted	41,715,134	5,860,798	47,575,932
Unrestricted	52,382,666	(5,544,900)	46,837,766
Total Net Position	$ 168,855,475	$ 2,110,894	$ 170,966,369

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, 2021

	Enterprise Fund	Component Units	Total Reporting Entity
Operating Revenues:			
Dwelling rentals	$ 31,318,992	$ 3,775,471	$ 35,094,463
Other	5,491,853	857,725	6,349,578
Total Operating Revenues	36,810,845	4,633,196	41,444,041
Operating Expenses:			
Personnel services	18,611,642	1,095,130	19,706,772
Contractual services	375,342	67,758	443,100
Utilities	5,248,253	655,486	5,903,739
Repairs and maintenance	7,405,269	1,154,485	8,559,754
Other supplies and expenses	7,987,237	1,519,424	9,506,661
Housing assistance payments	60,203,283	-	60,203,283
Depreciation and amortization	4,269,489	1,593,858	5,863,347
Total Operating Expenses	104,100,515	6,086,141	110,186,656
Operating Loss	(67,289,670)	(1,452,945)	(68,742,615)
Nonoperating Revenues (Expenses):			
Intergovernmental revenue	82,395,260	2,220,009	84,615,269
Owner distribution	(296,502)	-	(296,502)
Interest revenue	308,333	632,185	940,518
Other nonoperating revenue	-	6,299,844	6,299,844
Loss on sale	(1,257,693)	-	(1,257,693)
Contribution from County	4,079,176	-	4,079,176
Contribution to County	(13,119,601)	-	(13,119,601)
Interest expense	(1,045,450)	(3,336,200)	(4,381,650)
Total Nonoperating Revenues (Expenses), Net	71,063,523	5,815,838	76,879,361
Change in net position	3,773,853	4,362,893	8,136,746
Net position (deficit), beginning of year, as restated	165,081,622	(2,251,999)	162,829,623
Net position, end of year	$ 168,855,475	$ 2,110,894	$ 170,966,369

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

YEAR ENDED JUNE 30, 2021

	Enterprise Fund	Component Units	Total Reporting Entity
Cash flows from operating activities:			
Rental receipts	$ 28,170,009	$ 3,821,535	$ 31,991,544
Other operating cash receipts	5,494,071	857,725	6,351,796
Payments to employees for services	(17,771,083)	(1,057,721)	(18,828,804)
Housing assistance payments	(60,203,283)	-	(60,203,283)
Payments to suppliers for goods and services	(20,991,671)	(169,454)	(21,161,125)
Net cash flows from operating activities	(65,301,957)	3,452,085	(61,849,872)
Cash flows from noncapital financing activities:			
Contribution to County, net	(5,432,175)	-	(5,432,175)
Contribution from FCRHA	-	6,299,844	6,299,844
Owner distribution	(296,502)	-	(296,502)
Intergovernmental revenues received	83,126,559	2,220,009	85,346,568
Net cash flows from noncapital financing activities	77,397,882	8,519,853	85,917,735
Cash flows from capital and related financing activities:			
Purchase of capital assets	(1,971,226)	(13,799,507)	(15,770,733)
Interest paid	(519,038)	(2,042,524)	(2,561,562)
Issuance of debt	-	7,550,000	7,550,000
Debt principal paid	(21,403,338)	(457,792)	(21,861,130)
Net cash flows from capital and related financing activities	(23,893,602)	(8,749,823)	(32,643,425)
Cash flows from investing activities:			
Receipt of loan and advance repayments	(1,443,271)	-	(1,443,271)
Disbursement of loans and advances receivable, net	27,261,174	-	27,261,174
Maturity of investments	472,077	-	472,077
Acquisition of investments	1,470,000	-	1,470,000
Interest and gain received on investments	308,320	632,185	940,505
Net cash flows from investing activities	28,068,300	632,185	28,700,485
Net increase in cash and cash equivalents	16,270,623	3,854,300	20,124,923
Cash and cash equivalents, beginning of year, as restated	91,800,995	33,502,160	125,303,155
Cash and cash equivalents, end of year	$ 108,071,618	$ 37,356,460	$ 145,428,078

YEAR ENDED JUNE 30, 2021

	Enterprise Fund	Component Units	Total Reporting Entity
Reconciliation to statement of net position:			
Cash in bank	$ 34,091,793	$ 7,041,352	$ 41,133,145
Cash on deposit with the County of Fairfax, Virginia	24,333,274	-	24,333,274
Current cash reserves	7,308,880	-	7,308,880
Cash deposits held in trust	8,721,783	386,760	9,108,543
Current restricted cash reserves	8,600,755	-	8,600,755
Noncurrent cash reserves	25,015,133	29,928,348	54,943,481
Cash and cash equivalents	$ 108,071,618	$ 37,356,460	$ 145,428,078
Reconciliation of operating loss to net cash flows from operating activities:			
Operating loss	$ (67,289,670)	$ (1,452,945)	$ (68,742,615)
Depreciation	4,269,489	1,593,858	5,863,347
Provision for doubtful accounts	2,780	-	2,780
Net pension liability and related outflows/inflows	1,224,601	-	1,224,601
Net OPEB liability and related outflows/inflows	36,325	-	36,325
Effects of changes in operating assets and liabilities:			
Accounts receivable	(2,586,615)	6,901	(2,579,714)
Prepaid items and other assets	(321,610)	(63,905)	(385,515)
Accounts payable and accrued liabilities	(7,586)	1,042,262	1,034,676
Deposits held in trust	(45,301)	22,896	(22,405)
Due to FCRHA	-	2,263,855	2,263,855
Unearned revenue	(584,370)	39,163	(545,207)
Net cash flows from operating activities	$ (65,301,957)	$ 3,452,085	$ (61,849,872)
Noncash activities:			
Contributions from County	$ (11,989,913)	$ -	$ (11,989,913)
Loss on sale	$ (1,257,693)	$ -	$ (1,257,693)
Amortization of debt issuance costs	$ 8,482	$ 252,924	$ 261,406

Note 1—Summary of significant accounting policies

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

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

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

With the exception of Little River Glen, the Authority's component units have December 31 year-ends, therefore the amounts included for these entities are as of and for the year end that falls within the year ended June 30, 2021. These component units also follow Financial Accounting Standards Board pronouncements and have not been converted for purposes of these financial statements, except for the classifications of intercompany loans and net position, in accordance with U.S. GAAP. Separate financial statements for these component units can be obtained from the Authority.

Blended Component Units ("BCU") - The Authority is the general partner of 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"); The Green, L.P.; Tavenner Lane L.P.; Morris Glen L.P.; and Castellani Meadows L.P.) that are considered component units of the Authority for the same reasons discussed in the discretely presented component units below. However, because the Authority is not only the general partner, but also controls the limited partnership interests, they are considered blended component units.

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

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

Note 1—Summary of significant accounting policies (continued)

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

The Authority's activities include the following programs:

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

- *Elderly Housing Programs* are used to account for the affordable rental housing owned by the Authority and occupied by the elderly.
- *Homeowners and Business Loan Program* was 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. This fund closed and the Moderate-Income Direct Sales program was transferred to the County's Housing Trust Fund during the year ended June 30, 2021.

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 ("HCV")* is a federal housing assistance program for lower income families seeking housing in the private marketplace. HUD provides funds to pay a portion of the family's rent.
- *FCRHA Operating Fund* is used to account for projects and for real property that are 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 Program* is used to manage affordable rental housing acquired by the Authority and to maintain and preserve the units for long-term rental availability per federal guidelines.
- *Private Finance Program Fund* 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 (the "VHDA"), or the federal government. This fund was closed and consolidated into the FCRHA Operating Fund during the year ended June 30, 2021.
- *Fairfax County Rental Program* includes rental properties that are used to provide affordable rental housing in the County for low- and moderate-income families.
- *FCRHA Grants and Projects Fund* is used to account for the Federal Self Sufficiency grant, the State Rental Assistance Program contract, and other grants received.

Note 1—Summary of significant accounting policies (continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are rental charges and other charges related to the use of property. The Authority also recognizes as operating revenues management and development fees, excess utility charges, and other tenant charges. Operating expenses include personnel services, contractual services, administrative expenses, utility expenses, ordinary repair and maintenance expenses, housing assistance payments, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as either nonoperating revenues or expenses or contributions.

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

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

Investments - The Authority maintains an investment policy, the overall objectives of which are the preservation of capital and the protection of investment principal; maintenance of sufficient liquidity to meet operating requirements; conformance with federal, state, and other legal requirements and attainment of a market rate of return. Oversight of the investment activity is the responsibility of the Investment Committee, which is comprised of the Deputy Directors, HCD, Director of Financial Management Division ("FMD"), Director of Real Estate Finance and Grants Management Division ("REFGM"), Associate Director, REFGM and Fiscal Administrators, FMD.

Authorized investments for public funds are set forth in the Investment of Public Funds Act of the Code of Virginia. Within the permitted statutory framework, the Authority limits the investment of assets to the money market accounts, certificates of deposit, and U.S. Treasury Securities. Temporary investments consist of money market investments that have a remaining maturity at the time of purchase of one year or less and are reported at amortized cost, which approximates fair value. Certificates of deposit are reported at fair value.

Note 1—Summary of significant accounting policies (continued)

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

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

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

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

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 $10,000 and an estimated useful life of more than one year. Depreciation has been provided for in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated useful lives using the straight-line method. The estimated useful lives range from 15 to 28 years for buildings and improvements and from 5 to 15 years for equipment.

Deferred Outflows/Inflows of Resources - A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Authority recognizes deferred outflows related to pension and other postemployment 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.

Note 1—Summary of significant accounting policies (continued)

Pension and OPEB - The 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 County Employees' Retirement System ("ERS") and the respective pension plan is found in Note 12. Information regarding the OPEB plan is found in Note 13.

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

Net position is displayed in three components:

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

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

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

Revenue Recognition - The Authority has entered into Annual Contributions Contracts with HUD to administer the HCV; 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 HCV. 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 unearned revenue. Effective in FY 2006, HUD mandated that authorities who administer the HCV Program 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 of five years, beginning from the due date of the initial invoice, 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, 2021, the bank balance of the Authority's cash and cash equivalents was $107,377,788. All deposits were entirely insured or collateralized with securities held by the Authority's agent in the Authority's name as of June 30, 2021. Total cash and cash equivalents were $108,071,618 as of June 30, 2021 for the Authority.

Note 3—Investments

As of June 30, 2021, the Authority had the following investment type:

	Amount	Weighted Average Maturity (Days)
Investment Type:		
Investment GIC	$ 477,739	
Certificates of deposit	2,940,000	
Total fair value	$ 3,417,739	
Portfolio weighted average maturity		125.17

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.

Note 3—Investments (continued)

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 (the "Act"), all of the Authority's deposits are covered by federal depository insurance or collateralized in accordance with the Act, which provides for the pooling of collateral pledged by financial institutions with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor, and public depositors are prohibited from holding collateral in their name as security for deposits. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts are assessed on a pro rata basis to the members of the pool. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by participating financial institutions. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance, therefore, funds deposited in accordance with the requirements of the Act are considered to be fully insured.

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

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

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

The Authority has the following recurring fair value measurement as of June 30, 2021:

- Other equity securities of $477,739 are valued using quoted market prices (Level 2 inputs).

Note 4—Receivables

Accounts Receivable - Accounts receivable at June 30, 2021 consisted of the following:

Tenant receivable (net of allowances of $542,556)	$	813,442
Landlord and HCV tenant receivables (net of allowances of $379,242)		783,189
Due from U.S. Department of Housing and Urban Development		295,347
Management fee receivable		155,616
Accounts receivable		3,267,081
	$	5,314,675

Note 4—Receivables (continued)

Notes Receivable - Notes receivable at June 30, 2021 consisted of the following:

Note Holder	Terms	Outstanding Balance
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.	$ 129,278
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 $159,979.	161,831
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
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.	11,525,022
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.	4,549,069
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
Murraygate Village LP	Secured note bearing interest at 2.0%, 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.	1,500,000
Murraygate Village LP	Secured note bearing interest at 7.5%, maturing November 1, 2060, principal and interest deferred until this date, interest will compound and be added to the outstanding principal balance of the loan annually.	7,860,121
Total Notes Receivable		28,516,877
Less allowance for doubtful accounts		(159,979)
Less current notes		(239,901)
Noncurrent notes receivable, net of allowance for doubtful accounts		$ 28,116,997

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, 2021, 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 $4,707,664 due to the Authority that are required to be paid with surplus cash. The Authority has recorded an allowance of $4,707,664, 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, 2021:

Notes receivable, current portion	$ 239,901
Notes receivable	28,276,976
Mortgages receivable	26,440
Other receivables	6,647
Less allowance for doubtful accounts	(159,979)
Long-term portion, net	28,150,084
Total notes, mortgages, and other receivables, net	$ 28,389,985

Note 5—Capital assets

The Enterprise Fund's capital asset activity for the year ended June 30, 2021 is as follows:

	Beginning Balance (*)	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	$ 38,862,313	$ -	$ (1,976,232)	$ 36,886,081
Construction-in-progress	3,737,172	758,263	(618,600)	3,876,835
Total capital assets, nondepreciable	42,599,485	758,263	(2,594,832)	40,762,916
Capital assets, depreciable:				
Buildings and improvements	191,187,140	1,653,858	(11,281,655)	181,559,343
Equipment	992,621	187,986	-	1,180,607
Total capital assets, depreciable	192,179,761	1,841,844	(11,281,655)	182,739,950
Less accumulated depreciation:				
Buildings and improvements	(137,085,986)	(4,240,492)	10,039,127	(131,287,351)
Equipment	(1,265,252)	(28,997)	-	(1,294,249)
Total accumulated depreciation	(138,351,238)	(4,269,489)	10,039,127	(132,581,600)
Total depreciable capital assets, net	53,828,523	(2,427,645)	(1,242,528)	50,158,350
Total enterprise fund capital assets, net	$ 96,428,008	$ (1,669,382)	$ (3,837,360)	$ 90,921,266

* restatement due to change in reporting entity

Depreciation expense for the year ended June 30, 2021 relating to the Enterprise fund was $4,269,489.

Note 5—Capital assets (continued)

The Component Unit's capital asset activity for the year ended December 31, 2020 is as follows:

	Beginning Balance (*)	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	$7,504,792	$ -	$ -	$ 7,504,792
Construction-in-progress	2,018,121	-	(2,018,121)	-
Total capital assets, nondepreciable	9,522,913	-	(2,018,121)	7,504,792
Capital assets, depreciable:				
Buildings and improvements	43,224,794	10,636,247	-	53,861,041
Equipment	1,024,194	5,181,381	-	6,205,575
Total capital assets, depreciable	44,248,988	15,817,628	-	60,066,616
Less accumulated depreciation:				
Buildings and improvements	(12,925,304)	(1,580,956)	-	(14,506,260)
Equipment	(808,815)	-	-	(808,815)
Total accumulated depreciation	(13,734,119)	(1,580,956)	-	(15,315,075)
Total depreciable capital assets, net	30,514,869	14,236,672	-	44,751,541
Total Component Unit capital assets, net	$ 40,037,782	$ 14,236,672	$ (2,018,121)	$ 52,256,333

* restatement due to change in reporting entity

Depreciation expense for the year ended December 31, 2020 relating to the Component Unit was $1,580,956.

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

Notes Payable - Notes payable of enterprise funds consist of the following at June 30, 2021:

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.	$ 281,121
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.	281,120
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.	370,150
United Bank	Secured by Holly Acres rental property, bearing interest at 6.21%, maturing December 1, 2021, principal and interest payments of $943 monthly.	86,743
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.	503,439
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.	307,774
United Bank	Secured by East Market rental property, bearing interest at 6.14%, maturing December 1, 2022, principal and interest payments of $619 monthly.	60,709
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.	110,848
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.	182,130
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.	199,458
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.	313,828

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

Notes Payable (continued)

Note Holder	Terms	Outstanding Balance
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.	$ 86,562
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.	180,343
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.	248,920
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.	93,945
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.	126,256
Fulton Bank	Secured by Morris Glen rental property, bearing interest at 8.5%, maturing April 1, 2026, principal and interest payments due at maturity.	180,896
		3,614,242
Less current notes		2,047,125
Noncurrent notes payable		$ 1,567,117

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

Years Ending June 30:	Principal	Interest
2022	$ 2,047,125	$ 180,699
2023	719,077	109,964
2024	730,894	82,274
2025	64,469	37,469
2026	52,677	36,021
	$ 3,614,242	$ 446,427

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

Bonds Payable - Bonds payable consist of the following at June 30, 2021:

	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.	$ 2,300,000
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 $8,574.	385,657
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 $36,812.	926,334
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.	11,525,021
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.	4,549,070
	19,686,082
Less current bonds	715,457
Total noncurrent bonds payable	$ 18,970,625

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

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

Years Ending June 30,	Principal	Interest
2022	$ 715,457	$ 1,051,197
2023	758,910	1,008,891
2024	803,781	964,020
2025	860,164	916,354
2026	908,145	865,496
2027 - 2031	2,704,242	3,712,977
2032 - 2036	2,379,842	3,128,250
2037 - 2041	3,164,859	2,415,277
2042 - 2046	4,208,611	1,464,780
2047 - 2051	3,182,071	348,039
	$ 19,686,082	$ 15,875,281

Notes Payable - FCRHA - Certain blended component units have notes payable to FCRHA, which are not eliminated as the note receivables are not held within the funds presented within the Authority's statements. These note receivables are held at the County. The amount owed to FCRHA by the blended component units at June 30, 2021 consists of:

Note Holder	Terms	Outstanding Balance
FCRHA	Secured by Morris Glen rental property, bearing interest at 2.0%, maturing January 1, 2026, principal and interest payments due at maturity.	$ 621,883
FCRHA	Secured by Morris Glen rental property, bearing interest at 1.0%, maturing January 1, 2026, principal and interest payments due at maturity.	788,217
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	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

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

Notes Payable - FCRHA (continued)

Note Holder	Terms	Outstanding Balance
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
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 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 Housing Trust Fund Loan is secured by The Green rental property, bearing interest at 3.37%, maturing November 1, 2028 principal and	907,267
FCRHA	Secured by Herndon Harbor House II rental property, bearing interest at 2.0%, maturing May 1, 2029, principal and interest payments due at	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
Total noncurrent notes payable		$ 10,305,108

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

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

Years Ending June 30,	Principal	Interest
2022	$ -	$ -
2023	-	-
2024	-	-
2025	-	-
2026	1,410,100	609,595
2027 - 2031	8,624,508	5,335,198
Thereafter	270,500	-
	$ 10,305,108	$ 5,944,793

Changes in Short-Term and Long-Term Liabilities - The Enterprise Fund's long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance (*)	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 40,765,141	$ -	$(21,079,059)	$ 19,686,082	$ 715,457
Notes payable	3,938,521	-	(324,279)	3,614,242	2,047,125
Notes payable - FCRHA	10,305,108	-	-	10,305,108	-
Less unamortized debt issuance costs related to BCU	(64,244)	-	8,482	(55,762)	-
Net Enterprise Fund Debt	$ 54,944,526	$ -	$(21,394,856)	$ 33,549,670	$ 2,762,582

*restated due to change in reporting entity and correction of error

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%.

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

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

The Component Units' long-term liability activity for year ended December 31, 2020 was as follows:

	Beginning Balance (*)	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit debt	$ 68,419,490	$ 7,550,000	$ (457,792)	$ 75,511,698	$ 24,614,965
Less unamortized debt issuance costs	(1,140,638)	-	252,924	(887,714)	(51,920)
Net Component Unit debt	$ 67,278,852	$ 7,550,000	$ (204,868)	$ 74,623,984	$ 24,563,045

* restatement due to change in reporting entity

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

Years Ending December 31,	Principal
2021	$ 24,614,965
2022	538,671
2023	511,808
2024	538,480
2025	566,573
Thereafter	48,741,201
	$ 75,511,698

Note 7—Accrued compensated absences

The Enterprise Fund's compensated absences activity for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences payable	$ 1,332,216	$ 180,574	$ 625,808	$ 886,982	$ 469,185

The Component Unit's compensated absences activity for the year ended December 31, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences payable	$ -	$ 37,409	$ -	$ 37,409	$ 7,747

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, 2021, the cumulative total of bonds outstanding under the Authority's name was $35,733,502

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

In November 2007, the FCRHA issued a $105,485,000 bond anticipation note (Series 2007B) to finance a portion of the purchase price of a multi-family rental housing property as part of the County's affordable housing initiative. In October 2008, the FCRHA issued the $104,105,000 refunding bond anticipation note (Series 2008B). In August 2009, the FCHRA issued $94,950,000 of revenue bonds to provide funds, together with other funds, sufficient to pay the outstanding $104,105,000 short-term bond anticipation note (Series 2008B) that matured on October 1, 2009. The Bond bears an average interest rate of 4.53% and matures on October 1, 2039. In August 2019, the FCRHA issued $61,795,000 to refund a portion of the principal amount of the Series 2009 Bonds outstanding. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on these bonds, the related transactions, including the liability for the note, have been recorded in the County's financial statements and not in those of the FCRHA. The note is not a general obligation debt of the FCRHA, and the full faith and credit of the FCRHA is not pledged to the note.

Note 9—Conduit debt (continued)

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

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

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 noncash 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, 2021.

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 Annual Comprehensive Financial Report ("ACFR") for the fiscal year ended June 30, 2021.

Note 12—Retirement plans

Plan Description - Employees of the Authority are provided with pensions through the County ERS, a single-employer defined benefit pension plan which covers full-time and certain part-time employees of the 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, 2021 was 28.35%. Since the ERS's adjusted funded ratio (the ratio of the sum of the actuarial value of assets and commitments already made to fund change to the actuarial accrued liability) fell below 90%, the contribution rate includes a margin to amortize this shortfall back to the 90% level. For fiscal year 2021, the amortization target was remained at 100%. The employer contribution made during the measurement period of the liability was $3,776,332. The 2021 employer contribution totaled $3,738,600.

Net Pension Liability - The ERS calculated Total Pension Liability based on participant data collected as of December 31, 2019 and an actuarial valuation as of June 30, 2020, using the entry age actuarial cost method, with a measurement date of June 30, 2020. The proportionate share for the Authority is 1.6087%, an increase of .0354% from the prior year. At June 30, 2021, the Authority reported a liability of $29,262,385 for its proportionate share of the net pension liability.

Note 12—Retirement plans (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2021, the Authority recognized pension expense of $4,965,053. At June 30, 2021, 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	$790,639	$349,819
Change in assumptions	183,857	-
Net differences between projected and actual earning on pension plan investments	2,780,860	-
Change in proportion applicable to Authority	821,196	1,191,418
Authority contributions subsequent to the measurement date	3,738,600	-
	$ 8,315,152	$ 1,541,237

The $3,738,600 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2022	$ 1,071,384
2023	773,735
2024	509,195
2025	681,001
	$ 3,035,315

Actuarial Assumptions - The ERS calculated Total Pension Liability based on participant data collected as of December 31, 2019 and an actuarial valuation as of June 30, 2020, using the entry age actuarial cost method, with a measurement date of June 30, 2020. Significant actuarial assumptions used in the valuation included:

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

Note 12—Retirement plans (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study performed in 2016.

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, 2021 are summarized below.

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

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

Note 12—Retirement plans (continued)

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Authority's proportionate share of total pension liability	$ 107,280,882	$ 95,895,950	$ 86,354,475
Authority's proportionate share of plan fiduciary pension net position	66,633,565	66,633,565	66,633,565
Authority's proportionate share of net pension liability	$ 40,647,317	$ 29,262,385	$ 19,720,910
Plan fiduciary net position as a percentage of the total pension liability	62.1%	69.5%	77.2%

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 ACFR for the fiscal year ended June 30, 2021. 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 ACFR: https://www.fairfaxcounty.gov/retirement/financial-publications
Fairfax County ACFR: 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 2021 was $299,996. Plan members are not required to contribute.

Assumptions – Total OPEB Liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	7.0%, net of OPEB plan, investment expense, including inflation
Retirement Age	Varies by age and pension plan
Mortality	Pub-2010, "General" classification, Employees & Healthy Annuitant mortality table, projected using scale MP-2019, sex-distinct. Disabled mortality table Pub-2010, "General" classification, Disabled Retirement mortality table, projected using scale MP-2019, sex distinct.
Healthcare Cost Trend Rate	7.6%-10.6% decreasing to 4.3%

The actuarial assumptions used in the June 30, 2020 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.

Note 13—Other postemployment benefits (continued)

Best estimates of arithmetic real rates of return for each major asset class and target allocations as of June 30, 2021 are as follows:

Asset Class	Expected Real Rate of Return	Target Allocation
Domestic Equity (Large Cap)	6.30%	27.92%
Domestic Equity (Small Cap)	6.80%	11.61%
International Equity	7.00%	13.68%
Emerging Markets Equity	7.50%	5.59%
Long/Short Equity	6.40%	5.82%
Core US Fixed Income	2.50%	4.14%
Core Plus US Fixed Income	2.90%	14.47%
Absolute Returen Fixed Income	2.00%	3.51%
Real Estate	5.50%	8.94%
Cash	1.90%	0.66%
Private Equity	8.70%	3.66%

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, 2020 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 1.67%, a decrease of 0.02% from the prior year. The components of the net OPEB liability at June 30, 2021 are as follows:

Total OPEB Liability	$	5,815,036
Plan Fiduciary Net Position (Market Value of Assets)		(5,523,765)
Net OPEB Liability	$	291,271
Plan fiduciary net position as a percentage of the OPEB liability		94.99%

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

Note 13—Other postemployment benefits (continued)

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Total OPEB Liability	$ 6,729,231	$ 5,815,036	$ 5,086,368
Plan Fiduciary Net Position	(5,523,765)	(5,523,765)	(5,523,765)
Net OPEB Liability (Asset)	$ 1,205,466	$ 291,271	$ (437,397)

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

	1% Decrease (Varied decreasing to 3.3%)	Trend Rate (Varied decreasing to 4.3%)	1% Increase (Varied decreasing to 5.3%)
Total OPEB Liability	$ 4,916,304	$ 5,815,036	$ 6,989,772
Plan Fiduciary Net Position	(5,523,765)	(5,523,765)	(5,523,765)
Net OPEB Liability (Asset)	$ (607,461)	$ 291,271	$ 1,466,007

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2021, the Authority recognized OPEB expense of $334,469. At June 30, 2021, 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	$ 249,188	$ 128,198
Change in assumptions	1,193,574	2,297,846
Net difference between projected and actual earnings on OPEB plan investment	163,182	-
Change in proportion	-	124,246
Contributions subsequent to the measurement date	299,996	-
	$ 1,905,940	$ 2,550,290

The $299,996 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, 2022.

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,		
2022	$	(121,041)
2023		(68,883)
2024		(43,878)
2025		(55,017)
2026		(125,986)
Thereafter		(529,541)
	$	(944,346)

Note 14—Restatement

Change in Reporting Entity - The Authority previously reported Morris Glen L.P. real estate partnership as a discretely presented component unit in which it was the general partner. The Authority now controls the entire partnership interest for this partnership and has therefore considered it to be a blended component unit in accordance with U.S. GAAP. The partnership has a December 31 year-end, therefore, amounts included for the entity are as of and for the calendar year-end that falls within the Authority's fiscal year ended June 30, 2020. Beginning net position has been restated to adjust net position by the deficit of $1,099,894 for this partnership.

Correction of an Error - The Authority restated beginning net position by $6,852,549 for the blended component units to correct the basis of accounting treatment of forgivable loans.

2020 Enterprise Fund net position, as previously reported	$	159,328,967
Restatement - change in reporting entity		(1,099,894)
Restatement - correction of error		6,852,549
Elimination of FCRHA intercompany receivable		(681,381)
Elimination of FCRHA intercompany payable		681,381
2020 Enterprise Fund net position - as restated	$	165,081,622

2020 Component Units net position, as previously reported	$	(3,351,893)
Restatement - change in reporting entity		1,099,894
2020 Component Units net position - as restated	$	(2,251,999)

Note 15—Condensed combining information for blended component units

	Blended Component Units												
	Little River Glen	**Herndon Harbor House I**	**FCRHA HCDC One (Stonegate)**	**The Green**	**Castellani Meadows**	**Herndon Harbor House II**	**Tavenner Lane**	**Morris Glen**	**Allocated Pension/OPEB**	**Total Blended Component Unit**	**FCRHA**	**Eliminations**	**Primary Government**
ASSETS													
Current Assets:													
Cash in bank	$ 1,804,506	$ 1,108,228	$ 4,659,713	$ 175,385	$ 301,113	$ 421,176	$ 354,020	$ 482,115	$ -	$ 9,306,256	$ 56,427,691	$ -	$ 65,733,947
Investments	477,739	-	-	-	-	-	-	-	-	477,739	2,940,000	-	3,417,739
Restricted deposits held in trust	68,908	30,180	183,120	76,939	15,028	35,364	12,132	23,758	-	445,429	8,276,354	-	8,721,783
Restricted cash reserves	-	-	-	-	-	-	-	-	-	-	8,600,755	-	8,600,755
Accounts receivable, net of allowances	9,887	2,026	19,852	65,892	11,691	475	2,897	3,729	-	116,449	5,198,226	-	5,314,675
Notes, mortgages, and other receivables, net	-	-	-	-	-	-	-	-	-	-	239,901	-	239,901
Interfund receivables	-	-	-	-	-	-	-	-	-	-	1,691,330	(1,691,330)	-
Other current assets	4,964	163	138,116	31,611	-	14,310	-	17,314	-	206,478	332,363	-	538,841
Total Current Assets	2,366,004	1,140,597	5,000,801	349,827	327,832	471,325	369,049	526,916	-	10,552,351	83,706,620	(1,691,330)	92,567,641
Noncurrent Assets:													
Restricted cash reserves	1,372,278	305,904	1,622,679	258,751	91,828	507,599	199,261	191,436	-	4,549,736	20,465,397	-	25,015,133
Notes, mortgages, and other receivables, net	-	-	-	-	-	-	-	-	-	-	28,150,084	-	28,150,084
Other noncurrent assets	-	-	-	-	-	-	-	-	-	-	2,722,883	-	2,722,883
Total Noncurrent Other Assets	1,372,278	305,904	1,622,679	258,751	91,828	507,599	199,261	191,436	-	4,549,736	51,338,364	-	55,888,100
Land and land improvements	1,035,634	-	2,484,121	246,400	214,040	737,559	446,598	325,892	-	5,490,244	31,395,837	-	36,886,081
Construction in progress	-	-	193,516	-	-	-	-	-	-	193,516	3,683,319	-	3,876,835
Buildings and improvements	10,011,007	5,767,062	14,336,492	4,605,181	2,696,247	5,858,138	3,167,406	5,111,878	-	51,553,411	130,005,932	-	181,559,343
Equipment	-	115,890	14,321	227,823	298,871	344,551	21,592	142,512	-	1,165,560	15,047	-	1,180,607
Accumulated depreciation	(9,929,313)	(3,190,354)	(13,428,772)	(2,783,819)	(1,931,286)	(3,524,953)	(1,910,163)	(4,845,247)	-	(41,543,907)	(91,037,693)	-	(132,581,600)
Total Capital Assets	1,117,328	2,692,598	3,599,678	2,295,585	1,277,872	3,415,295	1,725,433	735,035	-	16,858,824	74,062,442	-	90,921,266
Total Noncurrent Assets	2,489,606	2,998,502	5,222,357	2,554,336	1,369,700	3,922,894	1,924,694	926,471	-	21,408,560	125,400,806	-	146,809,366
Total Assets	$ 4,855,610	$ 4,139,099	$ 10,223,158	$ 2,904,163	$ 1,697,532	$ 4,394,219	$ 2,293,743	$ 1,453,387	$ -	$ 31,960,911	$ 209,107,426	$ (1,691,330)	$ 239,377,007

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

	Blended Component Units												
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	The Green	Castellani Meadows	Herndon Harbor House II	Tavenner Lane	Morris Glen	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Elimination	Primary Government
DEFERRED OUTFLOWS OF RESOURCES	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 301,281	$ 301,281	$ 9,919,811	$ -	$ 10,221,092
LIABILITIES AND NET POSITION													
Current Liabilities:													
Accounts payable and accrued liabilities	88,177	33,183	104,817	95,430	18,035	66,568	103,550	72,222	-	581,982	3,352,256	456,522	4,390,760
Deposits held in trust	68,908	28,351	181,193	25,777	10,878	28,270	8,914	16,507	-	368,798	1,466,478	-	1,835,276
Unearned revenue	17,090	3,243	13,023	-	4,230	1,830	4,807	11,313	-	55,536	725,818	-	781,354
Interfund payables	-	478,354	-	223,568	463,993	972,609	-	9,328	-	2,147,852	-	(2,147,852)	-
Accrued compensated absences	30,904	-	-	-	-	-	-	-	-	30,904	438,281	-	469,185
Loans, notes, and bonds payable, net	325,000	-	95,344	-	-	-	-	28,056	-	448,400	2,314,182	-	2,762,582
Total Current Liabilities	530,079	543,131	394,377	344,775	497,136	1,069,277	117,271	137,426	-	3,633,472	8,297,015	(1,691,330)	10,239,157
Noncurrent Liabilities:													
Loans, notes, and bonds payable, net	1,975,000	2,644,296	488,984	907,267	1,216,745	3,022,270	778,156	1,562,940	-	12,595,658	18,191,430	-	30,787,088
Net pension liability	-	-	-	-	-	-	-	-	980,306	980,306	28,282,079	-	29,262,385
Net OPEB liability	-	-	-	-	-	-	-	-	3,472	3,472	287,799	-	291,271
Other noncurrent liabilities	115	1,374,327	-	658,811	1,912,884	1,270,923	-	436,455	-	5,653,515	417,681	-	6,071,196
Total Noncurrent Liabilities	1,975,115	4,018,623	488,984	1,566,078	3,129,629	4,293,193	778,156	1,999,395	983,778	19,232,951	47,178,989	-	66,411,940
Total Liabilities	2,505,194	4,561,754	883,361	1,910,853	3,626,765	5,362,470	895,427	2,136,821	983,778	22,866,423	55,476,004	(1,691,330)	76,651,097
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	82,032	82,032	4,009,495	-	4,091,527
Net Position (Deficit):													
Net investment in capital assets	(1,182,672)	48,302	3,015,350	1,388,318	61,127	393,025	947,277	(855,961)	-	3,814,766	70,942,909	-	74,757,675
Restricted	1,850,017	307,733	1,624,606	309,913	95,978	514,693	202,479	198,687	-	5,104,106	36,611,028	-	41,715,134
Unrestricted	1,683,071	(778,690)	4,699,841	(704,921)	(2,086,338)	(1,875,969)	248,560	(26,160)	(764,529)	394,865	51,987,801	-	52,382,666
Total Net Position (Deficit)	$ 2,350,416	$ (422,655)	$ 9,339,797	$ 993,310	$ (1,929,233)	$ (968,251)	$ 1,398,316	$ (683,434)	$ (764,529)	$ 9,313,737	$ 159,541,738	$ -	$ 168,855,475

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

	Blended Component Units												
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	The Green	Castellani Meadows	Herndon Harbor House II	Tavenner Lane	Morris Glen	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Elimination	Primary Government
Operating Revenues:													
Dwelling rentals	$ 1,248,136	$ 554,203	$ 2,426,335	$ 486,263	$ 229,125	$ 602,427	$ 195,770	$ 506,691	$ -	$ 6,248,950	$ 25,624,022	$ (553,980)	$ 31,318,992
Other	-	35,983	256,686	122,647	164	33,449	22,583	38,026	-	509,538	5,227,630	(245,315)	5,491,853
Total Operating Revenues	1,248,136	590,186	2,683,021	608,910	229,289	635,876	218,353	544,717	-	6,758,488	30,851,652	(799,295)	36,810,845
Operating Expenses:													
Personnel services	683,232	116,930	415,469	74,033	29,062	111,765	39,800	119,252	43,700	1,633,243	16,978,399	-	18,611,642
Contractual services	-	11,950	12,400	12,098	23,500	11,950	4,906	12,035	-	88,839	286,503	-	375,342
Utilities	130,387	66,488	409,987	172,506	2,125	-	52,160	73,700	-	907,353	4,340,900	-	5,248,253
Repairs and maintenance	229,964	124,174	426,753	454,589	222,289	136,429	44,644	140,385	-	1,779,227	5,626,042	-	7,405,269
Other supplies and expenses	31,021	152,390	560,330	253,765	98,928	232,012	40,492	136,725	-	1,505,663	7,408,270	(926,696)	7,987,237
Housing assistance payments	-	-	-	-	-	-	-	-	-	-	60,757,263	(553,980)	60,203,283
Depreciation and amortization	7,251	159,907	516,713	127,411	70,414	155,136	81,760	170,968	-	1,289,560	2,979,929	-	4,269,489
Total Operating Expenses	1,081,855	631,839	2,341,652	1,094,402	446,318	647,292	263,762	653,065	43,700	7,203,885	98,377,306	(1,480,676)	104,100,515
Operating Income (Loss)	166,281	(41,653)	341,369	(485,492)	(217,029)	(11,416)	(45,409)	(108,348)	(43,700)	(445,397)	(67,525,654)	681,381	(67,289,670)
Nonoperating Revenues (Expenses):													
Intergovernmental revenue	361,900	122,888	283,918	303,846	-	75,848	65,344	177,762	-	1,391,506	81,003,754	-	82,395,260
Owner distribution	-	-	(13,178)	-	-	-	-	(283,324)	-	(296,502)	-	-	(296,502)
Interest revenue	35,079	513	7,823	1,679	58	75	988	297	-	46,512	261,821	-	308,333
Loss on sale	-	-	-	-	-	-	-	-	-	-	(1,257,693)	-	(1,257,693)
Contribution from County	-	-	-	-	-	-	-	-	-	-	4,079,176	-	4,079,176
Contribution to County	-	-	-	-	-	-	-	-	-	-	(13,119,601)	-	(13,119,601)
Interfund transfer	-	-	-	-	-	-	-	681,381	-	681,381	-	(681,381)	-
Interest expense	(149,678)	(79,142)	(36,952)	(44,159)	(85,801)	(130,083)	(279,391)	(51,308)	-	(856,514)	(188,936)	-	(1,045,450)
Total Nonoperating Revenues (Expenses), net	247,301	44,259	241,611	261,366	(85,743)	(54,160)	(213,059)	524,808	-	966,383	70,778,521	(681,381)	71,063,523
Change in net position	413,582	2,606	582,980	(224,126)	(302,772)	(65,576)	(258,468)	416,460	(43,700)	520,986	3,252,867	-	3,773,853
Net position (deficit), beginning of year, as restated	1,936,834	(425,261)	8,756,817	1,217,436	(1,626,461)	(902,675)	1,656,784	(1,099,894)	(720,829)	8,792,751	156,288,871	-	165,081,622
Net position (deficit), end of year	$ 2,350,416	$ (422,655)	$ 9,339,797	$ 993,310	$ (1,929,233)	$ (968,251)	$ 1,398,316	$ (683,434)	$ (764,529)	$ 9,313,737	$ 159,541,738	$ -	$ 168,855,475

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

	Blended Component Units												
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	The Green	Castellani Meadows	Herndon Harbor House II	Tavenner Lane	Morris Glen	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
Cash flows from operating activities:													
Cash received from tenants	$ 1,212,975	$ 552,084	$ 2,410,579	$ 482,763	$ 246,312	$ 589,716	$ 224,743	$ 510,615	$ -	$ 6,229,787	$ 22,494,202	$ (553,980)	$ 28,170,009
Cash received for services/fees	-	35,983	259,596	122,556	164	33,449	21,982	38,026	-	511,756	5,227,630	(245,315)	5,494,071
Payments to employees for services	(683,232)	(116,930)	(415,469)	(74,033)	(29,062)	(111,765)	(39,800)	(119,252)	-	(1,589,543)	(16,181,540)	-	(17,771,083)
Housing assistance payments	-	-	-	-	-	-	-	-	-	-	(60,757,263)	553,980	(60,203,283)
Payments to suppliers for goods and services	(458,969)	(263,002)	(1,465,435)	(838,431)	(285,777)	(360,384)	(117,360)	(367,153)	-	(4,156,511)	(17,080,475)	245,315	(20,991,671)
Net cash flows from operating activities	70,774	208,135	789,271	(307,145)	(68,363)	151,016	89,565	62,236	-	995,489	(66,297,446)	-	(65,301,957)
Cash flows from noncapital financing activities:													
Intergovernmental revenues received	361,899	122,888	283,918	303,846	-	75,848	65,345	177,762	-	1,391,506	81,735,053	-	83,126,559
Interfund activity	-	(48,785)	-	-	(19,543)	(88,498)	-	-	-	(156,826)	156,826	-	-
Owner Distribution	-	-	(13,178)	-	-	-	-	(283,324)	-	(296,502)	-	-	(296,502)
Contribution to (from) County	-	-	-	-	-	-	-	-	-	-	(5,432,175)	-	(5,432,175)
Net cash flows from noncapital financing activities	361,899	74,103	270,740	303,846	(19,543)	(12,650)	65,345	(105,562)	-	938,178	76,459,704	-	77,397,882
Cash flows from capital financing activities:													
Purchase of capital assets	-	(71,604)	(193,516)	(13,456)	-	(89,417)	(103,639)	(20,869)	-	(492,501)	(1,478,725)	-	(1,971,226)
Interest/finance cost paid	(149,678)	(27,807)	(22,589)	-	(33,923)	(64,774)	-	(31,331)	-	(330,102)	(188,936)	-	(519,038)
Debt principal paid	(305,000)	-	(89,661)	-	-	-	-	(25,700)	-	(420,361)	(20,982,977)	-	(21,403,338)
Net cash flows from financing activities	(454,678)	(99,411)	(305,766)	(13,456)	(33,923)	(154,191)	(103,639)	(77,900)	-	(1,242,964)	(22,650,638)	-	(23,893,602)
Cash flows from investing activities:													
Receipt of loans and advances repayments	-	-	56,729	-	-	-	-	-	-	56,729	(1,500,000)	-	(1,443,271)
Disbursement of loans and advances receivable	-	-	-	-	-	-	-	-	-	-	27,261,174	-	27,261,174
Maturity of investments	(17,923)	-	-	-	-	-	-	-	-	(17,923)	490,000	-	472,077
Acquisition of investments	-	-	-	-	-	-	-	-	-	-	1,470,000	-	1,470,000
Interest on investments	35,079	500	7,823	1,679	58	75	988	297	-	46,499	261,821	-	308,320
Net cash flows from investing activities	17,156	500	64,552	1,679	58	75	988	297	-	85,305	27,982,995	-	28,068,300
Net (decrease) increase in cash and cash equivalents	(4,849)	183,327	818,797	(15,076)	(121,771)	(15,750)	52,259	(120,929)	-	776,008	15,494,615	-	16,270,623
Cash and cash equivalents, beginning of year, as restated	3,250,541	1,260,985	5,646,715	526,151	529,740	979,889	513,154	818,238	-	13,525,413	78,275,582	-	91,800,995
Cash and cash equivalents, end of year	$ 3,245,692	$ 1,444,312	$ 6,465,512	$ 511,075	$ 407,969	$ 964,139	$ 565,413	$ 697,309	$ -	$ 14,301,421	$ 93,770,197	$ -	$ 108,071,618

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

	Blended Component Units												
	Little River Glen	Herndon Harbor House I	FCRHA HCDC One (Stonegate)	The Green	Castellani Meadows	Herndon Harbor House II	Tavenner Lane	Morris Glen	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
Reconciliation of operating income (loss) to net cash flows from operating activities:													
Operating income (loss)	$ 166,281	$ (41,653)	$ 341,369	$ (485,492)	$ (217,029)	$ (11,416)	$ (45,409)	$ (108,348)	$ (43,700)	$ (445,397)	$ (67,525,654)	$ 681,381	$ (67,289,670)
Depreciation	7,251	159,907	516,713	127,411	70,414	155,136	81,760	170,968	-	1,289,560	2,979,929	-	4,269,489
Provision for doubtful accounts	-	-	2,780	-	-	-	-	-	-	2,780	681,381	(681,381)	2,780
(Increase) decrease in accounts receivable	(5,977)	(2,119)	(21,645)	1,127	4,181	(12,711)	6,829	3,924	-	(26,391)	(2,560,224)	-	(2,586,615)
(Increase) decrease in prepaid items and other assets	(4,830)	1,419	(99,888)	(4,145)	-	-	30,975	(17,314)	-	(93,783)	(227,827)	-	(321,610)
(Increase) decrease in net pension liability and									-	-			
related outflows/inflows	-	-	-	-	-	-	-	-	39,235	39,235	1,185,366	-	1,224,601
(Increase) decrease in net OPEB liability and													
related outflows/inflows	-	-	-	-	-	-	-	-	4,465	4,465	31,860	-	36,325
Increase (decrease) in accounts payable and													
accrued liabilities	(68,197)	88,945	44,022	57,532	60,801	18,822	20,097	14,347	-	236,369	(243,955)	-	(7,586)
Increase (decrease) in deposits held in trust	600	1,636	(99)	1,049	264	1,185	131	(1,341)	-	3,425	(48,726)	-	(45,301)
Increase (decrease) in deferred revenues	(24,354)	-	6,019	(4,627)	13,006	-	(4,818)	-	-	(14,774)	(569,596)	-	(584,370)
Net cash flows from operating activities	$ 70,774	$ 208,135	$ 789,271	$ (307,145)	$ (68,363)	$ 151,016	$ 89,565	$ 62,236	$ -	$ 995,489	$ (66,297,446)	$ -	$ (65,301,957)
Noncash capital activities:													
Contributions to County	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (11,989,913)	$ -	$ (11,989,913)
Loss on Sale	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,257,693)	$ -	$ (1,257,693)
Amortization of debt issuance costs	$ -	$ 1,561	$ -	$ -	$ 2,793	$ 4,128	$ -	$ -	$ -	$ 8,482	$ -	$ -	$ 8,482

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, 2020 is as follows:

	Gum Springs Glen	Olley Glen	Cedar Ridge	Murraygate Village	Total
ASSETS					
Current Assets:					
Cash in bank	$ 340,471	$ 1,180,276	$ 2,345,504	$ 3,175,101	$ 7,041,352
Restricted deposits held in trust	35,434	82,274	142,770	126,282	386,760
Accounts receivable, net of allowances	879	4,576	76,514	27,254	109,223
Prepaid expenses and other assets, current	24,580	42,043	4,591	43,728	114,942
Total Current Assets	401,364	1,309,169	2,569,379	3,372,365	7,652,277
Noncurrent Assets:					
Restricted cash reserves	437,608	837,792	2,232,044	26,420,904	29,928,348
Other assets, noncurrent	-	20,732	3,848	76,411	100,991
Total Other Assets	437,608	858,524	2,235,892	26,497,315	30,029,339
Land and land improvements	514,977	3,150,098	1,595,717	2,244,000	7,504,792
Buildings and improvements	5,446,104	14,378,060	17,448,876	16,588,001	53,861,041
Equipment	173,023	377,345	387,913	5,267,294	6,205,575
Accumulated depreciation	(2,548,673)	(6,161,929)	(6,163,035)	(441,438)	(15,315,075)
Total Capital Assets	3,585,431	11,743,574	13,269,471	23,657,857	52,256,333
Total Noncurrent Assets	4,023,039	12,602,098	15,505,363	50,155,172	82,285,672
Total Assets	4,424,403	13,911,267	18,074,742	53,527,537	89,937,949
LIABILITIES					
Current Liabilities:					
Accounts payable	51,036	31,925	117,871	1,494,976	1,695,808
Accrued interest payable	3,298	-	95,352	246,351	345,001
Deposits held in trust	26,847	51,611	104,747	108,458	291,663
Unearned revenue	4,078	46,077	41,296	82,788	174,239
Accrued compensated absences	-	2,304	-	5,443	7,747
Due to FCRHA	-	-	-	1,682,405	1,682,405
Current portion long-term debt	68,764	50,191	349,866	24,094,224	24,563,045
Total Current Liabilities	154,023	182,108	709,132	27,714,645	28,759,908
Noncurrent Liabilities:					
Accrued compensated absences	-	15,284	-	14,378	29,662
Noncurrent portion long-term debt, net	1,964,235	13,266,439	12,625,104	22,205,161	50,060,939
Other noncurrent liabilities	1,201,421	4,280,911	717,917	2,776,297	8,976,546
Total Noncurrent Liabilities	3,165,656	17,562,634	13,343,021	24,995,836	59,067,147
Total Liabilities	3,319,679	17,744,742	14,052,153	52,710,481	87,827,055
NET POSITION (DEFICIT)					
Net investment in capital assets	1,552,432	(1,573,056)	294,501	1,521,119	1,794,996
Restricted net position	446,195	868,455	2,270,067	2,276,081	5,860,798
Unrestricted net position (deficit)	(893,903)	(3,128,874)	1,458,021	(2,980,144)	(5,544,900)
Total Net Position (Deficit)	$ 1,104,724	$ (3,833,475)	$ 4,022,589	$ 817,056	$ 2,110,894

Note 16—Related party transactions (continued)

	Gum Springs Glen	Olley Glen	Cedar Ridge	Murraygate Village	Total
Operating Revenue:					
Rental	$ 556,991	$ 979,839	$ 1,094,538	$ 1,144,103	$ 3,775,471
Other	74,833	118,510	510,168	154,214	857,725
Total Operating Revenue	631,824	1,098,349	1,604,706	1,298,317	4,633,196
Operating Expenses:					
Personnel services	154,474	134,227	349,252	457,177	1,095,130
Contractual services	14,530	14,530	18,318	20,380	67,758
Utilities	-	104,435	188,146	362,905	655,486
Repairs and maintenance	161,700	159,081	614,895	218,809	1,154,485
Other supplies and expenses	336,557	245,577	646,657	290,633	1,519,424
Depreciation and amortization	147,407	604,473	460,675	381,303	1,593,858
Total Operating Expenses	814,668	1,262,323	2,277,943	1,731,207	6,086,141
Operating Income (Loss)	(182,844)	(163,974)	(673,237)	(432,890)	(1,452,945)
Nonoperating Revenues (Expenses):					
Intergovernmental revenue	127,657	152,607	1,598,261	341,484	2,220,009
Contribution from General Partner	-	-	-	6,299,844	6,299,844
Interest income	1,170	1,268	4,769	624,978	632,185
Interest expense	(110,346)	(760,041)	(839,182)	(1,626,631)	(3,336,200)
Total Nonoperating Revenues (Expenses), net	18,481	(606,166)	763,848	5,639,675	5,815,838
Change in net position	(164,363)	(770,140)	90,611	5,206,785	4,362,893
Net position (deficit), beginning of year, as restated	1,269,087	(3,063,335)	3,931,978	(4,389,729)	(2,251,999)
Net position (deficit), end of year	$ 1,104,724	$ (3,833,475)	$ 4,022,589	$ 817,056	$ 2,110,894

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, 2021

	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of net pension liability	1.6087%	1.5733%	1.7116%	1.6624%	1.6146%	1.6215%	1.6799%
Authority's proportionate share of net pension liability	$ 29,262,385	$ 26,588,797	$ 28,246,002	$ 26,903,629	$ 24,644,244	$ 20,857,233	$ 17,501,779
Authority's covered payroll	$ 13,320,395	$ 12,229,263	$ 12,762,566	$ 12,145,800	$ 11,438,081	$ 11,144,649	$ 11,282,166
Authority's proportionate share of net pension liability as a percentage of its covered payroll	219.7%	217.4%	221.3%	221.5%	215.5%	187.2%	155.1%
Plan fiduciary net position as a percentage of total pension liability	69.5%	70.8%	70.5%	69.9%	70.2%	74.2%	78.3%

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

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

JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarial determined contributions	$ 3,738,600	$ 3,776,332	$ 3,319,022	$ 3,227,653	$ 2,781,412	$ 2,515,234	$ 2,245,647	$ 2,177,501
Contributions in relation to the actuarial determined contribution	$ 3,738,600	$ 3,776,332	$ 3,319,022	$ 3,227,653	$ 2,781,412	$ 2,515,234	$ 2,245,647	$ 2,177,501
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 13,187,302	$ 13,320,395	$ 12,229,263	$ 12,762,566	$ 12,145,800	$ 11,438,081	$ 11,144,649	$ 11,282,166
Contributions as a percentage of covered payroll	28.4%	28.4%	27.1%	25.3%	22.9%	22.0%	20.2%	19.3%

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

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

JUNE 30, 2021

	2021	2020	2019	2018
Authority's proportion of the net OPEB liability	1.67%	1.69%	1.71%	1.85%
Authority's proportionate share of the net OPEB liability	$ 291,271	$ 2,453,774	$ 1,577,823	$ 791,633
Authority's covered employee payroll	$ 16,058,002	$ 15,763,712	$ 17,321,851	$ 16,804,930
Authority's proportionate share of the net OPEB liability as a percentage of covered employee payroll	1.81%	15.57%	9.11%	4.71%
Plan fiduciary net position as a percentage of the total OPEB liability	94.99%	69.11%	76.97%	86.73%

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

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

JUNE 30, 2021

	Fiscal Year Ending 2021	Fiscal Year Ending 2020	Fiscal Year Ending 2019	Fiscal Year Ending 2018	Fiscal Year Ending 2017
Actuarial Determined Contribution	$ 313	$ 271	$ 385	$ 412	$ 375
Contributions Made in Relation to the Actuarial Determined Contribution	300	329	434	463	518
Contribution Deficiency (Excess)	13	(58)	(49)	(51)	(143)
Covered Employee Payroll	17,050	16,058	15,764	17,322	16,805
Contributions as a Percentage of Payroll	1.76%	2.05%	2.75%	2.67%	3.08%

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

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*

To the Board of Supervisors
County of Fairfax, Virginia

To 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, 2021, 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 15, 2021. 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), The Green, Castellani Meadows, Morris Glen, and Tavenner Lane), and four of the discretely presented component units (Gum Springs Glen, Murraygate Village, and Olley Glen) were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and one instance of noncompliance that is required to be reported under the *Specifications for Audits Counties, Cities, and Towns* as noted in the schedule of findings as finding 2021-002.

Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 15, 2021

1) Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	**Unmodified**
Internal control over financial reporting:	
Material weaknesses identified:	**Yes**
Significant deficiencies identified:	**No**
Noncompliance material to the financial statements noted?	**No**

2) Finding Related to Financial Statements Reported in Accordance with Government Auditing Standards

Finding: 2021-001 **– Forgivable loans with Blended Component Units**

Type of Finding: Material Weakness in Internal Control

Criteria: Under Governmental Accounting Standards Board (GASB) reporting requirements, a blended component unit (BCU) should be treated as though they are funds of the Authority, and all interfund activities between the BCUs and Authority should be in balance.
[Note: certain BCUs report and are audited under Financial Accounting Standards Board (FASB) and for combining and reporting purposes of the Authority, interfund activities with the Authority and equity classifications are converted to GASB.]

Condition: During the year, one of the previously reported discretely presented component units became a BCU. In this process, management analyzed and recorded an allowance of $681,381 for the forgivable loan they had with this BCU. During the audit and preparation of the financial statements, including the GASB conversion, management worked to ensure all transactions of the BCU with the Authority were properly adjusted and balanced, including recording the forgiveness of debt of $681,381 for the new BCU. During management's review of balances and activity between the Authority and the BCU, they further identified additional loans where debt had been forgiven by the Authority but was not recognized by the BCU under FASB. The value of these loans and related interest payable identified by management which should have been adjusted by the BCU in prior years, amounted to $2,680,176, and $4,172,373, respectively, and were not reported by the Authority in its financial statements.

Cause: The BCU forgivable loans and related interest payable balances were not correctly converted to GASB and adjusted during the blending process into the Authority's financial statements in prior years.

Effect: At June 30, 2021, the Authority had understated beginning net position of $6,852,549 related to these forgivable loans and related interest payable.

Auditor's Recommendation: We recommend the Authority track and monitor all interfund activities with the BCUs on a GASB basis to ensure all interfund activities with the BCUs balance.

Management's Response: Management agrees with the requirement to convert the interfund amounts from FASB to GASB and ensure all interfund activity is balanced. Management will track all interfund amounts with the BCUs on a GASB basis and ensure all balances are in agreement in the financial statements.

3) Findings related to Compliance with Commonwealth of Virginia's Specifications

Finding: 2021-002 **– Statement of Economic Interest**

Type of Finding: Nonmaterial Noncompliance

Criteria: Section 2.2-3115 of the Code of Virginia requires certain local government officials to file a Statement of Economic Interests ("SOEI") form with the clerk of the local governing body by February 1st or prior to assuming office.

Condition: During our testing of eleven (11) Commissioners, we noted three (3) instances in which the SOEI form was not completed prior to the Commissioner taking office during the year.

Cause: Lack of ability to have controls over SOEI forms to ensure SOEI forms are completed prior to new commissioners taking office.

Effect: The Authority is not in compliance with Section 2.2-3115 of the Code of Virginia. Additionally, noncompliance may result in action by the Commonwealth of Virginia.

Repeat Finding: No

Recommendation: Local government officials should complete the SOEI in accordance with Section 2.2-3115 of the Code of Virginia.

Management's Response: The Authority will continue to educate local government officials serving on the FCRHA Board to properly complete the required filing for the Statement of Economic Interest and further stress the importance of completion by the required deadline.

Although SOEI forms are provided to all Commissioners, more education and follow-up is needed to ensure all new Commissioners understand the importance of completing the documentation and submitting the forms annually in a timely manner. Education will be the primary means of addressing this issue by the Authority.