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, 2022

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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

Cherry Bekaert LLP
Your Guide Forward

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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, June 30, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of nine of the blended component units (Herndon Harbor House I, Herndon Harbor House II, FCRHA HCDC One (Stonegate), The Green, Castellani Meadows, Morris Glen, Gum Springs Glen, Old Mount Vernon High School LLC, and Tavenner Lane), which represent 12.3%, 5.5%, and 6.3%, respectively, of the assets, net position, and revenues of the business-type activities as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended. We did not audit the financial statements of the three discretely presented component units, which represent 100% of the assets, net position, and revenues of the aggregate 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 nine blended component units and three discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the standards applicable to financial statements contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and the *Specifications for Audits of Authorities Boards and Commission* ("Specifications"), issued by the auditor of Public Accounts of the Commonwealth of Virginia. The financial statements of Herndon Harbor House I, Herndon Harbor House II, FCRHA HCDC One (Stonegate), The Green, Castellani Meadows, Morris Glen, Gum Springs Glen, Tavenner Lane, and two of the discretely presented component units (Murraygate Village and Olley Glen) were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards and Specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter
As described in Note 15 to the financial statements, effective during the fiscal year ended June 30, 2022, 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 opinions are not modified with respect to this matter.

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

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Specifications, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 16, 2022 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 16, 2022

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") 2022 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, 2022, 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 ten 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 nine (Herndon Harbor I, Herndon Harbor II, Stonegate, The Green, Tavenner, Morris Glen, Gum Springs Glen, Old Mount Vernon High School LLC 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, 2022 are included in the balances of the enterprise fund.

Financial Highlights for FY 2022

The FCRHA's FY 2022 financial highlights included the following:

- Total assets, deferred outflows of resources, liabilities and deferred inflows of resources of the FCRHA were approximately $273.6 million, $9.2 million, $68.1 million and $33.4 million respectively; thus, total net position was approximately $181.3 million at June 30, 2022. Of this amount, approximately $65.2 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 $113.7 million, respectively, resulting in an increase in net position of approximately $9.8 million as compared to net position increase of approximately $3.5 million for the prior year, an increase of 180.0%. The increase in net position is primarily related to lower personnel expenses and decreased net contribution to County which declined by $7.3 million from prior year's level. A moderate increase in operating revenue also contributed to an improvement in net position.

- Cash and cash equivalents increased by approximately $3.5 million mostly related to an increase in rental receipts and lower debt principal payments resulting from prior year's debt payoffs.

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, 2022 and 2021.

Table 1
Summary of Net Position
(in millions)

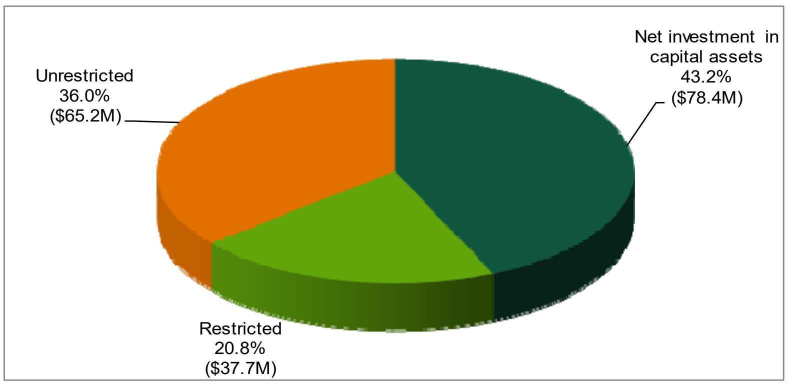
Description	2022	2021 (*)	Increase (Decrease)	% Change
Current and other assets	$ 178.7	$ 149.3	$ 29.4	19.7%
Capital assets	94.9	94.5	0.4	0.4%
Total Assets	273.6	243.8	29.8	12.2%
Deferred outflow of resources	9.2	10.2	(1.0)	-9.8%
Current liabilities	10.5	10.4	0.1	1.0%
Noncurrent liabilities	57.6	68.0	(10.4)	-15.3%
Total Liabilities	68.1	78.4	(10.3)	-13.1%
Deferred inflow of resources	33.4	4.1	29.3	714.6%
Net Position:				
Net investment in capital assets	78.4	77.1	1.3	1.7%
Restricted	37.7	42.1	(4.4)	-10.5%
Unrestricted	65.2	52.3	12.9	24.7%
Total Net Position	$ 181.3	$ 171.5	$ 9.8	5.7%

*restated due to change in reporting entity

As of June 30, 2022, the FCRHA's net position totaled approximately $181.3 million, an increase of approximately $9.8 million, or 5.7%, over the net position as of June 30, 2021. This change was due to a significant increase in current and other assets arising from lease receivables.

The FCRHA's total net position also consisted of restricted net position of $37.7 million at June 30, 2022 and $42.1 million at June 30, 2021, and unrestricted net position of $65.2 million and $52.3 million at June 30, 2022 and 2021, respectively. Restricted net position of $37.7 million represents 20.8% of the FCRHA's FY 2022 net position and unrestricted of $65.2 million represents 36.0%. 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, 2022.

Composition of FCRHA's Net Position ($181.3)



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 2022, the FCRHA's enterprise programs realized an increase in net position of approximately $9.8 million. Table 2 presents a summary of data from the FCRHA's statement of revenues, expenses, and changes in net position for FY 2022 and FY 2021 and a comparative analysis of activities in these years.

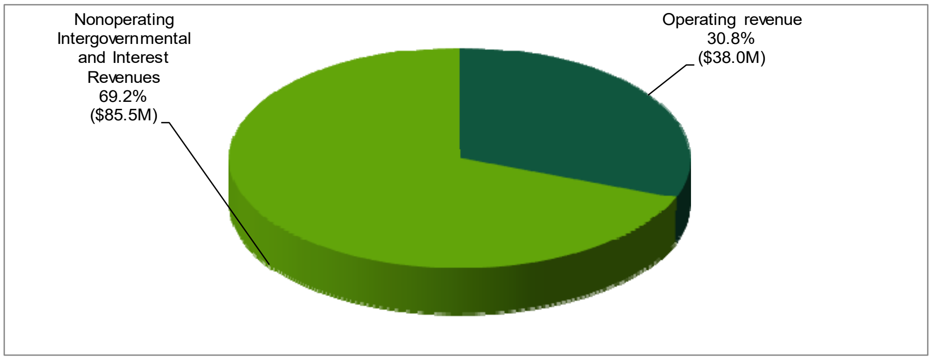
Table 2
Summary of Revenues, Expenses, and Changes in Net Position
(in millions)

Description	2022	2021 *	Increase (Decrease)	% Change
Revenues:				
Operating revenues	$ 38.0	$ 37.4	$ 0.6	1.6%
Nonoperating revenues and contributions	85.5	86.8	(1.3)	-1.5%
Total revenues	123.5	124.2	(0.7)	-0.6%
Expenses:				
Operating expenses	100.5	104.9	(4.4)	-4.2%
Nonoperating expenses	13.2	15.8	(2.6)	-16.5%
Total expenses	113.7	120.7	(7.0)	-5.8%
Changes in net position	9.8	3.5	6.3	180.0%
Total net position, beginning of year, restated	171.5	168.0	3.5	2.1%
Total net position, end of year	$ 181.3	$ 171.5	$ 9.8	5.7%

*restated due to change in reporting entity

Total FCRHA revenues in FY 2022 were $123.5 million, comprised of operating and nonoperating revenues. Operating revenues contributed $38.0 million with 30.8% derived from rents and other user charges, and developer and financing fees. The FCRHA's total overall revenues during the year were down by approximately $0.7 million or 0.6%. Overall, operating revenues were up by approximately $0.6 million or 1.6%. Nonoperating revenues made up $85.5 million with 94.6% coming from federal grants from HUD, as well as from County contributions and interest revenue. Nonoperating revenues reflected a decrease of approximately $1.3 million or 1.5%. The total net position for FY 2022 was $181.3 million as compared to $171.5 million in the prior year, an overall increase over the prior year of $9.8 million or 5.7%.

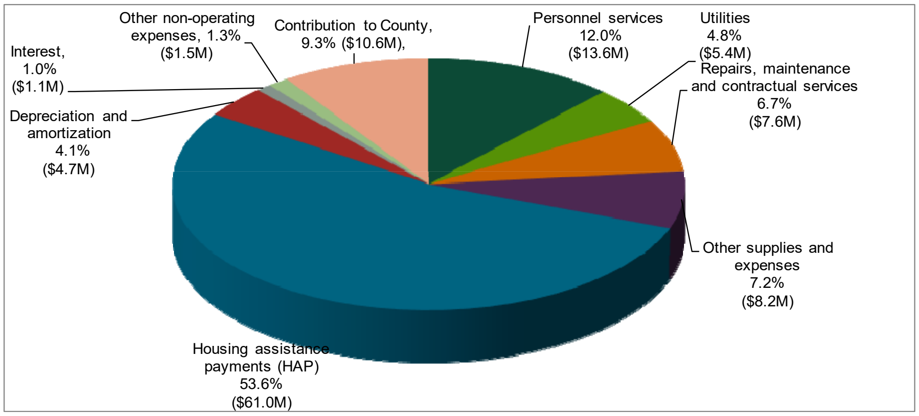
FCRHA's Enterprise Programs
Total Revenues ($123.5M)



The FCRHA's operating expenses in FY 2022 decreased by approximately $4.4 million, or 4.2% from the prior year. The Housing Assistance Payments ("HAP") in the Housing Choice Voucher ("HCV") increased by $0.8 million, comprising 53.6% of operating expenses, other supplies and expenses accounted for $0.4 million increase, or 7.2% of total while personnel services decreased by $5.0 million or 12.0% of total operating expenses.

In FY 2022, the FCRHA incurred total expenses in its enterprise programs totaling approximately $113.7 million. The following pie chart illustrates major operating expense groups and their relative percentage of the total.

FCRHA's Enterprise Programs
Total Expenses ($113.7M)



Capital Assets and Debt Administration

Capital Assets. The FCRHA's capital assets at June 30, 2022 and 2021, included land, buildings and improvements, equipment, and construction in progress which totaled $94.9 million and $94.5 million, respectively, net of accumulated depreciation of approximately $139.7 million and $135.1 million at June 30, 2022 and 2021, respectively. For further details see Note 5, Capital Assets.

Short-Term and Long-Term Debt. The FCRHA's June 30, 2022 and 2021 Statement of Net Position includes debt – consisting of housing loans, notes, and bonds payable - of approximately $33.4 million and $34.9 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, 2022, more than 17,800 individuals are served by FCRHA housing programs. The FCRHA owns and/or operates a total of 3,038 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 2022 was approximately $13.57 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 the goal to produce 5,000 affordable units to households earning up to 60 percent of AMI over the next fifteen years, allocate the equivalence of an additional penny on the Real Estate Tax rate to support this production starting in FY 2021 and attain no net loss of market affordable rental units in housing. This goal was subsequently updated in FY 2022, with the Board of Supervisors adopting a new goal of producing a minimum of 10,000 new homes by 2034. From FY 2019 to FY 2022, 367 affordable housing units at 60 percent AMI and below have been created, and 868 units have been preserved.

Adopted by the Board of Supervisors, 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. In FY 2022, total resources for affordable housing totaled more than $220.2 million including County, federal, and all other revenue sources. This funding helps supports the budget guidance of meeting the production of at least 10,000 new affordable units by 2034.

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. In FY 2022, 55 households were under lease through the RSSP Program. The average income of all households under lease in FY 2022 was $15,074.

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 2022, a total of 3,017 units (1,447 rental and 1,570 for-sale) have been produced under the ADU Program; the FCRHA acquired 188 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 Policy expects a minimum of 8 percent of all new rental units as WDUs serving income tiers from 60 to 80 percent of AMI and a minimum of 12 percent of all new for sale units serving income tiers from 80 to 120 percent of AMI. As of the end of FY 2022, a total of 1,925 units (1,878 rental and 47 for-sale) have been produced under the WDU Policy.

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 $1,000 in materials cost at no charge to qualified applicants in order to complete small handyman-sized projects for their home.

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, 2022

	Enterprise Fund	Component Units	Total Reporting Entity
ASSETS			
Current Assets:			
Cash in bank (Note 2)	$ 38,426,712	$ 7,178,954	$ 45,605,666
Cash on deposit with the County of Fairfax, Virginia (Note 2)	20,175,651	-	20,175,651
Cash reserves (Note 2)	13,714,920	-	13,714,920
Investments (Note 3)	8,494,000	-	8,494,000
Restricted Cash:			
Cash reserves (Note 2)	8,600,755	-	8,600,755
Deposit held in trust (Note 2)	4,578,784	363,024	4,941,808
Investments (Note 3)	482,318	-	482,318
Accrued interest receivable	37,226	-	37,226
Accounts receivable (net of allowances) (Note 4)	5,361,551	289,519	5,651,070
Notes, mortgages, and other receivables (Note 4)	262,820	-	262,820
Prepaid items and other assets	480,700	205,815	686,515
Total Current Assets	100,615,437	8,037,312	108,652,749
Noncurrent Assets:			
Restricted assets:			
Cash reserves (Note 2)	26,035,650	4,793,007	30,828,657
Total Restricted Assets	26,035,650	4,793,007	30,828,657
Other Noncurrent Assets:			
Notes, mortgages and other receivables (net of allowances) (Note 4)	27,749,387	-	27,749,387
Net OPEB asset	698,638	-	698,638
Lease receivable (Note 14)	20,674,670	-	20,674,670
Prepaid items and other assets	3,008,599	97,902	3,106,501
Total Other Noncurrent Assets	52,131,294	97,902	52,229,196
Capital Assets (Note 5):			
Nondepreciable/non-amortizable:			
Land	36,148,532	6,989,815	43,138,347
Construction in progress	4,528,611	-	4,528,611
Depreciable/amortizable:			
Buildings and improvements	192,258,069	48,520,028	240,778,097
Right-to-use asset	254,904	-	254,904
Equipment	1,360,990	6,072,200	7,433,190
Accumulated depreciation/amortization	(139,696,908)	(14,816,126)	(154,513,034)
Total Capital Assets, net	94,854,198	46,765,917	141,620,115
Total Noncurrent Assets	173,021,142	51,656,826	224,677,968
Total Assets	273,636,579	59,694,138	333,330,717

The accompanying notes to the financial statements are an integral part of these statements.

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

JUNE 30, 2022

	Enterprise Fund	Component Units	Total Reporting Entity
DEFERRED OUTFLOWS			
Deferred outflows for pension (Note 12)	$ 7,365,861	$ -	$ 7,365,861
Deferred outflows for OPEB (Note 13)	1,802,491	-	1,802,491
Total Deferred Outflows	9,168,352	-	9,168,352
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	4,580,799	425,457	5,006,256
Accrued salaries and benefits	832,668	-	832,668
Deposits held in trust	2,043,765	242,556	2,286,321
Unearned revenues	1,063,198	121,777	1,184,975
Due to FCRHA	-	571,272	571,272
Accrued compensated absences (Note 7)	371,706	11,838	383,544
Lease liability	5,461	-	5,461
Loans, notes, and bonds payable, net of deferred financing fees (Note 6)	1,585,780	467,620	2,053,400
Total Current Liabilities	10,483,377	1,840,520	12,323,897
Noncurrent Liabilities:			
Accrued compensated absences (Note 7)	289,820	-	289,820
Loans, notes, and bonds payable, net of deferred financing fees (Note 6)	31,817,570	48,065,016	79,882,586
Net pension liability (Note 12)	19,420,648	-	19,420,648
Lease liability	244,247	-	244,247
Other accrued long-term interest	5,836,541	7,754,577	13,591,118
Total Noncurrent Liabilities	57,608,826	55,819,593	113,428,419
Total Liabilities	68,092,203	57,660,113	125,752,316
Deferred Inflows			
Deferred inflows for pension (Note 12)	9,840,805	-	9,840,805
Deferred inflows for OPEB (Note 13)	3,005,416	-	3,005,416
Deferred inflows for Leases (Note 14)	20,570,253	-	20,570,253
Total Deferred Inflows	33,416,474	-	33,416,474
NET POSITION			
Net investment in capital assets	78,446,470	(1,766,719)	76,679,751
Restricted	37,653,743	4,913,475	42,567,218
Unrestricted	65,196,041	(1,112,731)	64,083,310
Total Net Position	$ 181,296,254	$ 2,034,025	$ 183,330,279

The accompanying notes to the financial statements are an integral part of these statements.

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, 2022

	Enterprise Fund	Component Units	Total Reporting Entity
Operating Revenues:			
Dwelling rentals	$ 32,888,135	$ 3,922,318	$ 36,810,453
Other	5,079,043	535,090	5,614,133
Total Operating Revenues	37,967,178	4,457,408	42,424,586
Operating Expenses:			
Personnel services	13,622,692	818,271	14,440,963
Contractual services	123,215	76,706	199,921
Utilities	5,403,948	601,544	6,005,492
Repairs and maintenance	7,452,754	813,728	8,266,482
Other supplies and expenses	8,200,061	1,167,459	9,367,520
Housing assistance payments	60,985,178	-	60,985,178
Depreciation and amortization	4,682,454	2,063,326	6,745,780
Total Operating Expenses	100,470,302	5,541,034	106,011,336
Operating Loss	(62,503,124)	(1,083,626)	(63,586,750)
Nonoperating Revenues (Expenses):			
Intergovernmental revenue	80,846,002	2,294,130	83,140,132
Owner distribution	(1,508,417)	-	(1,508,417)
Interest revenue	754,937	4,870	759,807
Other nonoperating revenue	-	2,382,030	2,382,030
Gain on sale	11,238	-	11,238
Contribution from County	3,850,740	-	3,850,740
Contribution to County	(10,618,329)	-	(10,618,329)
Interest expense	(1,083,746)	(2,569,549)	(3,653,295)
Total Nonoperating Revenues, Net	72,252,425	2,111,481	74,363,906
Change in net position	9,749,301	1,027,855	10,777,156
Net position, beginning of year, as restated	171,546,953	1,006,170	172,553,123
Net position, end of year	$ 181,296,254	$ 2,034,025	$ 183,330,279

The accompanying notes to the financial statements are an integral part of these statements.

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

YEAR ENDED JUNE 30, 2022

	Enterprise Fund	Component Units	Total Reporting Entity
Cash flows from operating activities:			
Rental receipts	$ 33,088,187	$ 3,681,081	$ 36,769,268
Other operating cash receipts	5,079,043	535,090	5,614,133
Payments to employees for services	(15,020,632)	(843,842)	(15,864,474)
Housing assistance payments	(60,985,178)	-	(60,985,178)
Payments to suppliers for goods and services	(20,045,932)	(8,038,810)	(28,084,742)
Net cash flows from operating activities	(57,884,512)	(4,666,481)	(62,550,993)
Cash flows from noncapital financing activities:			
Contribution to County, net	(6,885,886)	-	(6,885,886)
Contribution from FCRHA	-	2,382,030	2,382,030
Owner distribution	(1,508,417)	-	(1,508,417)
Intergovernmental revenues received	80,772,719	2,294,130	83,066,849
Net cash flows from noncapital financing activities	72,378,416	4,676,160	77,054,576
Cash flows from capital and related financing activities:			
Purchase of capital assets	(6,863,883)	(144,739)	(7,008,622)
Proceeds from sale of assets	2,249,599	-	2,249,599
Interest paid	(1,271,970)	72,585	(1,199,385)
Lease income	(104,417)	-	(104,417)
Debt principal paid	(1,430,028)	(24,150,357)	(25,580,385)
Net cash flows from capital and related financing activities	(7,420,699)	(24,222,511)	(31,643,210)
Cash flows from investing activities:			
Receipt of loan and advance repayments	377,778	-	377,778
Maturity of investments	730,421	-	730,421
Acquisition of investments	(6,289,000)	-	(6,289,000)
Interest and gain received on investments	754,937	4,870	759,807
Net cash flows from investing activities	(4,425,864)	4,870	(4,420,994)
Net change in cash and cash equivalents	2,647,341	(24,207,962)	(21,560,621)
Cash and cash equivalents, beginning of year, as restated (Note 15)	108,885,131	36,542,947	145,428,078
Cash and cash equivalents, end of year	$ 111,532,472	$ 12,334,985	$ 123,867,457

The accompanying notes to the financial statements are an integral part of these statements.

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

YEAR ENDED JUNE 30, 2022

	Enterprise Fund	Component Units	Total Reporting Entity
Reconciliation to statement of net position:			
Cash in bank	$ 38,426,712	$ 7,178,954	$ 45,605,666
Cash on deposit with the County of Fairfax, Virginia	20,175,651	-	20,175,651
Current cash reserves	13,714,920	-	13,714,920
Cash deposits held in trust	4,578,784	363,024	4,941,808
Current restricted cash reserves	8,600,755	-	8,600,755
Noncurrent cash reserves	26,035,650	4,793,007	30,828,657
Cash and cash equivalents	$ 111,532,472	$ 12,334,985	$ 123,867,457
Reconciliation of operating loss to net cash flows from operating activities:			
Operating loss	$ (62,503,124)	$ (1,083,626)	$ (63,586,750)
Depreciation	4,682,454	2,063,326	6,745,780
Provision for doubtful accounts	753,429	-	753,429
Net pension liability and related outflows/inflows	(592,879)	-	(592,879)
Net OPEB liability and related outflows/inflows	(431,333)	-	(431,333)
Effects of changes in operating assets and liabilities:			
Accounts receivable	(17,480)	(178,379)	(195,859)
Prepaid items and other assets	(1,328,972)	(115,160)	(1,444,132)
Accounts payable and accrued liabilities	1,179,500	(1,396,239)	(216,739)
Deposits held in trust	181,642	(22,260)	159,382
Due to FCRHA	-	(3,871,285)	(3,871,285)
Unearned revenue	192,251	(62,858)	129,393
Net cash flows from operating activities	$ (57,884,512)	$ (4,666,481)	$ (62,550,993)

The accompanying notes to the financial statements are an integral part of these statements.

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, 2022. 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 ten 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.; Gum Springs Glen L.P.; Old Mount Vernon High School LLC; 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 three other real estate limited partnerships (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.

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.

Note 1—Summary of significant accounting policies (continued)

The Authority's activities include the following programs:

The following program 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. All elderly programs are third party managed beginning FY 2022.

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 Fund ("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. Reserves within this fund include FCRHA Board restricted funds. This fund includes the Private Finance Program which provides short term financing to leverage capital projects and land acquisitions.
- *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.
- *Asset Management Fund ("AMF")* is used to manage property operations retained by HCD. This includes:
    - Rental Assistance Demonstration Program ("RAD") is third party managed, effective FY 2022, and the program 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. Any activity not managed by TPM such as overhead activity managed by HCD is tracked within AMF.
    - Fairfax County Rental Program is third party managed, effective FY 2022, and includes rental properties that are used to provide affordable rental housing in the County for low- and moderate-income families. This program also includes group homes that are managed by HCD. Any activity not tracked by TPM for this program is included in the AMF.
    - Elderly Program includes residual reserves and some debt activity. Elderly programs such as Braddock Glen, Little River Glen, and Lincolnia are all third party managed effective FY 2022.
    - Partnership Programs are third party managed effective FY 2022. Any residual activity not managed by TPM is retained in the AMF.

Housing funds not included in these financial statements, include CDBG, HOME, Affordable Housing and Investment Fund, Housing Trust Fund and the Housing General Fund, as these are County-appropriated funds.

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 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 two Deputy Directors, the Director of Financial Management and Information Systems Division ("FM-ISS") and the Director of Real Estate Finance Division ("REF").

Authorized investments for public funds are set forth in the Investment of Public Funds Act of the Code of Virginia. Within the permitted statutory framework, the Authority limits the investment of assets to the money market accounts, certificates of deposit, and U.S. Treasury Securities. Temporary investments consist of money market investments that have a remaining maturity at the time of purchase of one year or less and are reported at amortized cost, which approximates fair value. Certificates of deposit are reported at fair value. This investment policy applies to all financial assets of the Authority, all General Obligation bond funds, all funds deposited in the Authority's bank accounts, and the County's pooled cash. Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in bond documents. All Authority investments are held by the financial institution's trust department in its name and are collateralized by United States Government securities.

Note 1—Summary of significant accounting policies (continued)

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 1—Summary of significant accounting policies (continued)

Leases: Lessee – The Authority is a lessee for a noncancellable lease of land. The Authority recognizes a lease liability and an intangible right-of-use ("ROU") lease asset (lease asset) in the financial statements. The Authority recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leases: Lessor – The Authority is a lessor for a noncancellable lease of land. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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, 2022, the bank balance of the Authority's cash and cash equivalents was $111,825,399. All deposits were entirely insured or collateralized with securities held by the Authority's agent in the Authority's name as of June 30, 2022. Total Enterprise Fund cash and cash equivalents was $111,532,472 as of June 30, 2022.

Note 3—Investments

As of June 30, 2022, the Authority had the following investment type:

	Amount	Weighted Average Maturity (Days)
Investment type:		
Investment GIC	$ 482,318	
Certificates of deposit	8,494,000	
Total fair value	$ 8,976,318	
Portfolio weighted average maturity		192.27

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 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 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, 2022:

- Other equity securities of $482,318 are valued using quoted market prices (Level 2 inputs).

Note 4—Receivables

Accounts Receivable – Accounts receivable at June 30, 2022 consisted of the following:

Tenant receivable (net of allowances of $533,810)	$	1,545,427
Landlord and HCV tenant receivables (net of allowances of $348,296)		1,012,516
Due from U.S. Department of Housing and Urban Development		368,630
Accounts receivable		2,434,978
	$	5,361,551

Note 4—Receivables (continued)

Notes Receivable – Notes receivable at June 30, 2022 consisted of the following:

Note Holder	Terms	Outstanding Balance
Cedar Ridge LP	Secured note bearing interest at 5.01%, maturing October 1, 2048, principal and interest deferred until this date, interest will compound and be added to the outstanding principal balance of the loan annually.	$ 741,555
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.	11,336,840
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.	4,497,251
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		27,985,767
Less current notes		(262,820)
Noncurrent notes receivable, net of allowance for doubtful accounts		$ 27,722,947

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, 2022, 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 $4,755,664 due to the Authority that are required to be paid with surplus cash. The Authority has recorded an allowance of $4,755,664, 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.

Note 4—Receivables (continued)

The following table provides a reconciliation of the notes, mortgages and other receivables to the statement of net position at June 30, 2022:

Notes receivable, current portion	$ 262,820
Notes receivable	27,722,947
Mortgages receivable	26,440
Long-term portion, net	27,749,387
Total notes, mortgages, and other receivables, net	$ 28,012,207

Note 5—Capital assets

The Enterprise Fund's capital asset activity for the year ended June 30, 2022 is as follows:

	Beginning Balance (*)	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	$ 37,401,057	$ 288,927	$ (1,541,452)	$ 36,148,532
Construction-in-progress	3,876,835	4,747,101	(4,095,325)	4,528,611
Total capital assets, nondepreciable	41,277,892	5,036,028	(5,636,777)	40,677,143
Capital assets, depreciable:				
Buildings and improvements	187,005,448	7,038,313	(1,785,692)	192,258,069
ROU assets	-	254,904	-	254,904
Equipment	1,353,630	7,360	-	1,360,990
Total capital assets, depreciable	188,359,078	7,300,577	(1,785,692)	193,873,963
Less accumulated depreciation and amortization:				
Buildings and improvements	(133,828,599)	(4,596,612)	110,287	(138,314,924)
ROU assets	-	(10,128)	-	(10,128)
Equipment	(1,301,673)	(70,183)	-	(1,371,856)
Total accumulated depreciation	(135,130,272)	(4,676,923)	110,287	(139,696,908)
Total depreciable capital assets, net	53,228,806	2,623,654	(1,675,405)	54,177,055
Total enterprise fund capital assets, net	$ 94,506,698	$ 7,659,682	$ (7,312,182)	$ 94,854,198

* restatement due to change in reporting entity

Depreciation expense for the year ended June 30, 2022 relating to the Enterprise fund was $4,676,923.

Note 5—Capital assets (continued)

The Component Unit's capital asset activity for the year ended December 31, 2021 is as follows:

	Beginning Balance (*)	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	$ 6,989,815	$ -	$ -	$ 6,989,815
Total capital assets, nondepreciable	6,989,815	-	-	6,989,815
Capital assets, depreciable:				
Buildings and improvements	48,414,937	105,091	-	48,520,028
Equipment	6,032,552	39,648	-	6,072,200
Total capital assets, depreciable	54,447,489	144,739	-	54,592,228
Less accumulated depreciation:				
Buildings and improvements	(11,957,587)	(2,049,724)	-	(14,007,311)
Equipment	(808,815)	-	-	(808,815)
Total accumulated depreciation	(12,766,402)	(2,049,724)	-	(14,816,126)
Total depreciable capital assets, net	41,681,087	(1,904,985)	-	39,776,102
Total Component Unit capital assets, net	$ 48,670,902	$ (1,904,985)	$ -	$ 46,765,917

* restatement due to change in reporting entity

Depreciation expense for the year ended December 31, 2021 relating to the Component Unit was $2,049,724.

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, 2022:

Note Holder	Terms	Outstanding Balance
United Bank	Secured by Faircrest North rental property, bearing interest at 6.21%, maturing December 1, 2032, principal and interest payments of $3,056 monthly.	$ 263,332
United Bank	Secured by Laurel Hill rental property, bearing interest at 6.21%, maturing December 1, 2032, principal and interest payments of $3,056 monthly.	263,332
United Bank	Secured by the Courts of Westcott Ridge rental property, bearing interest at 6.21%, maturing December 1, 2032, principal and interest payments of $4,023 monthly.	345,505
United Bank	Secured by Legato Corner rental property, bearing interest at 6.21%, maturing December 1, 2032, principal and interest payments of $5,472 monthly.	467,833
United Bank	Secured by East Market rental property, bearing interest at 6.14%, maturing December 1, 2022, principal and interest payments of $619 monthly.	56,954
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.	103,998
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.	170,863
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.	187,134
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.	218,484
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.	82,136
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.	171,103
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.	236,164

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 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.	$ 89,130
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.	96,017
Virginia Housing Development Authority	Secured by the Gum Springs Glen property, bearing interest at 4.5%, maturing August 31, 2033 principal and interest payments of $7,666 monthly.	826,634
Fulton Bank	Secured by Morris Glen rental property, bearing interest at 8.5%, maturing April 1, 2026, principal and interest payments due at maturity.	152,898
		3,731,517
Less current notes		809,396
Noncurrent notes payable		$ 2,922,121

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

Years Ending June 30:	Principal	Interest
2023	$ 809,396	$ 143,501
2024	827,490	113,163
2025	165,559	75,586
2026	145,782	61,241
2027	106,437	22,188
2028-2023	1,561,928	60,369
2033-2037	114,925	1,013
	$ 3,731,517	$ 477,061

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, 2022:

	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	$ 1,975,000
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 $5,452	332,009
In May 1999, on behalf of Herndon Harbor House II Limited Partnership, the Authority issued Series 1999A Multifamily Housing Revenue Bonds with a principal amount totaling $2,000,000. The Series A, 1999 term bonds have an original principal amount of $225,000 with an interest rate of 4.875% with final payment due May 1, 2009. The Series A, 1999 term bond has an original principal payment amount of $1,775,000 with an interest rate of 6% with final payment due May 1, 2029. The land, building, and equipment of the Herndon Harbor House II Limited Partnership are pledged as security for the bonds. Proceeds from the bonds were loaned to the Herndon Harbor House II Limited Partnership to finance a portion of the cost for the acquisition, construction, and equipping of the rental facility. Outstanding balance is net of unamortized deferred cost of	829,524
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.	11,336,838
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.	4,497,251
	18,970,622
Less current bonds	758,910
Total noncurrent bonds payable	$ 18,211,712

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
2023	$ 758,910	$ 1,008,891
2024	803,781	964,020
2025	860,164	916,354
2026	908,145	865,496
2027	984,172	804,871
2028 - 2032	2,060,428	3,582,100
2033 - 2037	2,602,426	3,001,766
2038 - 2042	3,206,854	2,246,659
2043 - 2047	4,410,558	1,239,975
2048 - 2052	2,375,184	194,013
	$ 18,970,622	$ 14,824,145

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, 2022 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

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 interest payments due	907,267
FCRHA	The Housing Trust Fund Loan, in the original principal amount of $450,000, was obtained by Gum Springs Glen. The note has simple interest at 4.25% per annum with monthly payments of principal and interst of $2,214. The note will mature on April 1, 2033. The note is collateralized by a second deed of trust on the rental property.	238,596
FCRHA	The Housing Trust Fund Loan, in the original principal amount of $205,000, was obtained by Gum Springs Glen. The note is payable at maturity, including simple interest at 4.25% per annum, on April 1, 2033. The note is collateralized by a second deed of trust on the rental property.	205,000
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.	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
		10,748,704
Less current notes		17,474
Total noncurrent notes payable		$ 10,731,230

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
2023	$ 17,474	$ 9,091
2024	18,231	8,334
2025	19,022	7,543
2026	1,429,946	616,314
2027	3,451,731	1,597,582
2028 - 2031	5,311,275	4,240,288
Thereafter	501,025	251,998
	$ 10,748,704	$ 6,731,150

Changes in Short-Term and Long-Term Liabilities – The Enterprise Fund's long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance (*)	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 19,686,082	$ -	$ (715,460)	$ 18,970,622	$ 758,910
Notes payable	4,493,604	-	(762,087)	3,731,517	809,396
Notes payable - FCRHA	10,765,123	-	(16,419)	10,748,704	17,474
Less unamortized debt issuance costs related to BCU	(55,762)	-	8,269	(47,493)	-
Net Enterprise Fund debt	$ 34,889,047	$ -	$ (1,485,697)	$ 33,403,350	$ 1,585,780

*restated due to change in reporting entity

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, 2021 was as follows:

	Beginning Balance (*)	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit debt	$ 73,470,231	$ -	$ (24,150,357)	$ 49,319,874	$ 467,620
Less unamortized debt issuance costs	(879,245)	-	92,007	(787,238)	-
Net Component Unit debt	$ 72,590,986	$ -	$ (24,058,350)	$ 48,532,636	$ 467,620

* 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
2022	$ 467,620
2023	436,668
2024	459,933
2025	484,466
2026	510,335
Thereafter	46,960,852
	$ 49,319,874

Note 7—Accrued compensated absences

The Enterprise Fund's compensated absences activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences payable	$ 886,982	$ 176,013	$ 401,469	$ 661,526	$ 371,706

The Component Unit's compensated absences activity for the year ended December 31, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences payable	$ 37,409	$ 11,838	$ 37,409	$ 11,838	$ 11,838

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, 2022, the cumulative total of bonds outstanding under the Authority's name was $58,891,747.

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 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.

During the year ended June 30, 2022, the FCRHA issued private activity bonds to make loans for the assistance in the development, equipping, and/or construction of four affordable rental housing development projects by private sponsors. In June 2022, a total of $515,000 in short-term Multifamily Housing Revenue Bonds (Series 2022) were issued to provide supplemental financing for the costs of the construction and equipping of a 47-unit ($270,000) and a 94-unit ($245,000) residential rental housing project. Both projects comprise one portion of a larger affordable multifamily housing development to be known as Residences at North Hill. The construction of the projects was also financed with Virginia Housing 4.0% Low Income Housing Tax Credits. The bonds bear an average interest rate of 2.75% calculated on the basis of a 360-day year with a maturity date of May 1, 2023.

In September 2021, FCRHA issued a total of $19,680,000 in Multifamily Housing Revenue Bonds (Series 2021) to provide supplemental financing for the construction of a 120-unit affordable multifamily housing development project to be known as One University Senior Apartments. The Project was to be constructed on the land owned by FCRHA and leased to the borrower pursuant to a Deed of Lease between FCRHA and the borrower. The bond bears an interest rate of 1.25% and will mature December 1, 2025.

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

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 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.

Note 10—Contingencies (continued)

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. 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, 2022.

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 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, 2022.

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.

Note 12—Retirement plans (continued)

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, 2022 was 28.88%. 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 2022, the amortization target was remained at 100%. The employer contribution made during the measurement period of the liability was $3,738,600. The 2022 employer contribution totaled $3,098,076.

Net Pension Liability – The ERS calculated total pension liability based on participant data collected as of December 31, 2020 and an actuarial valuation as of June 30, 2021, using the entry age actuarial cost method, with a measurement date of June 30, 2021. The proportionate share for the Authority is 1.6408%, an increase of .0321% from the prior year. At June 30, 2022, the Authority reported a liability of $19,420,648 for its proportionate share of the net pension liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2022, the Authority recognized pension expense of $2,505,200. At June 30, 2022, 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	$ 328,406	$ 626,292
Change in assumptions	3,067,980	-
Net differences between projected and actual earning on pension plan investments	-	8,429,626
Change in proportion applicable to Authority	871,399	784,887
Authority contributions subsequent to the measurement date	3,098,076	-
	$ 7,365,861	$ 9,840,805

Note 12—Retirement plans (continued)

The $3,098,076 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, 2023. 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
2023	$ (1,103,463)
2024	(1,370,639)
2025	(1,203,240)
2026	(1,895,678)
	$ (5,573,020)

Actuarial Assumptions – The ERS calculated Total Pension Liability based on participant data collected as of December 31, 2020 and an actuarial valuation as of June 30, 2021, using the entry age actuarial cost method, with a measurement date of June 30, 2021. Significant actuarial assumptions used in the valuation included:

Discount rate, net of plan investment expenses	6.75%
Inflation	2.25%
Salary increases, including inflation	2.25% + merit
Investment rate of return, net of plan investment expenses	6.75%
Projected period of unfunded benefit payments	None
Mortality	Health and Disabled Mortality Table PubG-2010 & PubS-2010 projected using the MP-2020 model

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study performed in 2016.

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. 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.

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.

Note 12—Retirement plans (continued)

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, 2022 are summarized below.

Asset Class	Expected Real Rate of Return	Target Allocation
US Leverage Cost	1.90%	-35.00%
Non-US Leverage Cost	1.10%	-26.00%
US Large-Cap Equity	7.70%	11.00%
US Small/Mid-Cap Equity	8.70%	3.00%
Non-US Developed Equity (USD Hedge)	8.30%	6.00%
Non-US Developed Small-Cap Equity	9.30%	3.00%
Emerging Market Equity	12.50%	3.00%
Global Equity	8.60%	5.00%
Private Equity - Growth	14.60%	1.00%
Private Equity - Venture	20.80%	1.00%
Private Equity	13.20%	2.00%
US TIPS	2.30%	16.00%
US Treasury Bond	2.10%	-3.00%
US Mortgage-Backed Securities	2.50%	2.00%
US High Yield Corporate Bond	5.70%	4.00%
Emerging Market External Debt	5.30%	4.00%
Emerging Market Local Currency Debt	6.00%	2.00%
Non-US Government Bond	2.20%	2.00%
Non-US Government Bond (USD Hedge)	2.00%	2.00%
Non-US Inflation-Linked Bond (USD Hedge)	1.30%	12.00%
Private Debt - Credit Opportunities	8.00%	6.00%
Private Debt - Distressed	8.80%	4.00%
Private Debt - Direct Lending	8.10%	1.00%
US Long-Term Treasury Bond (10-30 Year)	2.60%	5.00%
20+ Year US Treasury STRIPS	3.90%	3.00%
US High Yield Securitized Bond	5.10%	2.00%
US High Yield Collateralized Loan Obligation	6.30%	4.00%
10 Year US Treasury Bond	2.60%	8.00%
10 Year Non-US Government Bond (USD Hedge)	1.20%	18.00%
Commodity Futures	5.00%	7.00%
Public Real Assets (Multi-Asset)	6.00%	2.00%
US REIT	9.00%	5.00%
Gold	5.10%	3.00%
Core Real Estate	6.70%	1.00%
Private Real Assets - Infrastructure	7.40%	4.00%
Hedge Fund - Macro	5.10%	8.00%
Hedge Fund - Credit	5.80%	4.00%
Cash	1.90%	5.00%
Hedge Fund	5.60%	3.00%

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 6.75%, as well as what the authority share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Authority's proportionate share of total pension liability	$ 116,383,426	$ 103,862,270	$ 93,383,156
Authority's proportionate share of plan fiduciary pension net position	84,441,622	84,441,622	84,441,622
Authority's proportionate share of net pension liability	$ 31,941,804	$ 19,420,648	$ 8,941,534
Plan fiduciary net position as a percentage of the total pension liability	72.6%	81.3%	90.4%

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, 2022. 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 2022 was $343,979. Plan members are not required to contribute.

Assumptions – Total OPEB Liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2021, 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-2020, sex-distinct. Disabled mortality table Pub-2010, "General" classification, Disabled Retirement mortality table, projected using scale MP-2020, sex distinct.
Healthcare Cost Trend Rate	6.9%-11.6% decreasing to 4.5%

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for fiscal years 2015 - 2020.

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

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, 2022 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, 2021 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 1.66%, a decrease of 0.01% from the prior year. The components of the net OPEB liability at June 30, 2022 are as follows:

Total OPEB liability	$	6,338,042
Plan fiduciary net position (market value of assets)		(7,036,680)
Net OPEB asset	$	(698,638)
Plan fiduciary net position as a percentage of the OPEB liability		111.02%

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	$ 7,381,708	$ 6,338,042	$ 5,507,234
Plan fiduciary net position	(7,036,680)	(7,036,680)	(7,036,680)
Net OPEB liability (asset)	$ 345,028	$ (698,638)	$ (1,529,446)

The following represents net OPEB liability calculated using the healthcare trend rates (6.90% – 11.60% decreasing to 4.50%), as well as the impacts of calculating the rates at one percentage point lower (5.90% – 10.60% decreasing to 3.50%) or one percentage point higher (7.90% – 12.60% decreasing to 5.50%):

	1% Decrease (Varied decreasing to 3.5%)	Trend Rate (Varied decreasing to 4.5%)	1% Increase (Varied decreasing to 5.5%)
Total OPEB liability	$ 5,284,302	$ 6,338,042	$ 7,693,825
Plan fiduciary net position	(7,036,680)	(7,036,680)	(7,036,680)
Net OPEB liability (asset)	$ (1,752,378)	$ (698,638)	$ 657,145

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the Authority recognized OPEB benefit of $334,469. At June 30, 2022, 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	$ 509,802	$ 101,694
Change in assumptions	948,710	1,930,258
Net difference between projected and actual earnings on OPEB plan investment	-	842,561
Change in proportion	-	130,903
Contributions subsequent to the measurement date	343,979	-
	$ 1,802,491	$ 3,005,416

The $343,979 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, 2023.

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,		
2023	$	(286,177)
2024		(262,664)
2025		(273,029)
2026		(340,009)
2027		(213,473)
Thereafter		(171,552)
	$	(1,546,904)

Note 14—Leases

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Lease Receivable – The Authority leases land to a third party under a lease dated December 15, 2021. The lease is for ninety-nine years ending December 2120 and the Authority receives quarterly lease payments ranging of $175,000 to $1,070,284, with a 10% escalation every five years. The Authority recognized $104,418 in lease revenue and $517,533 in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, the Authority’s receivable for lease payments was $20,674,670 and related interest receivable of $137,426, recorded within noncurrent prepaid items and other assets within the Statement of Net Position. Also, the Authority has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was $20,570,253.

Lease Payable – The Authority leases a facility from an unrelated third party under a noncancellable lease. An initial lease liability was recorded in the amount of $254,903 during the current fiscal year. As of June 30, 2022, the value of the lease liability was $249,708. The Authority is required to make annual principal and interest payments of $1,485. The lease does not have a stated interest rate, therefore, the Authority used its incremental borrowing rate, 5%, as the discount rate for leases. The value of the ROU asset as of the end of the current fiscal year was $244,776 and had accumulated amortization of $10,128.

Note 14—Leases (continued)

Future lease payments are as follows for the years ending June 30:

Years Ending June 30,	Principal	Interest	Total
2023	$ 5,461	$ 12,361	$ 17,822
2024	5,740	12,082	17,822
2025	6,034	11,788	17,822
2026	6,343	11,480	17,823
2027	6,667	11,155	17,822
2028 - 2032	38,814	50,296	89,110
2033 - 2037	49,813	39,298	89,111
2038 - 2042	63,928	25,183	89,111
2043 - 2047	66,908	7,350	74,258
	$ 249,708	$ 180,993	$ 430,701

Note 15—Restatement

Change in Reporting Entity – The Authority previously reported Gum Springs 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, 2021. Beginning net position has been restated to adjust net position by $1,104,724 for this partnership, including an elimination of $1,586,754 for a related party payable.

2021 Enterprise Fund net position, as previously reported	$ 168,855,475
Restatement - change in reporting entity	1,104,724
Elimination of FCRHA intercompany payable for Morris Glen	1,586,754
2021 Enterprise Fund net position - as restated	$ 171,546,953

2021 Component Units net position, as previously reported	$ 2,110,894
Restatement - change in reporting entity	(1,104,724)
2021 Component Units net position - as restated	$ 1,006,170

Beginning cash and cash equivalents, as presented in the Statement of Cash Flows have been restated to adjust for this partnership.

	Beginning	Change in Reporting Entity	Restated Beginning
Cash and cash equivalents - Enterprise Fund	$ 108,071,618	$ 813,513	$ 108,885,131
Cash and cash equivalents - Component Units	37,356,460	(813,513)	36,542,947

Note 15—Restatement (continued)

Beginning capital assets, net of accumulated depreciation, as presented in the Statement of Net Position and Note 5, have been restated to adjust for this partnership as shown below.

	Beginning Enterprise Fund	Change in Reporting Entity	Restated Beginning Enterprise Fund
Capital assets, nondepreciable:			
Land	$ 36,886,081	$ 514,976	$ 37,401,057
Construction-in-progress	3,876,835	-	3,876,835
Total capital assets, nondepreciable	40,762,916	514,976	41,277,892
Capital assets, depreciable:			
Buildings and improvements	181,559,343	5,446,105	187,005,448
Equipment	1,180,607	173,023	1,353,630
Total capital assets, depreciable	182,739,950	5,619,128	188,359,078
Less accumulated depreciation:			
Total accumulated depreciation	(132,581,600)	(2,548,672)	(135,130,272)
Total Enterprise Fund capital assets, net	$ 90,921,266	$ 3,585,432	$ 94,506,698

	Beginning Component Units	Change in Reporting Entity	Restated Beginning Component Units
Capital assets, nondepreciable:			
Land	$ 7,504,791	$ (514,976)	$ 6,989,815
Capital assets, depreciable:			
Buildings and improvements	53,861,042	(5,446,105)	48,414,937
Equipment	6,205,575	(173,023)	6,032,552
Total capital assets, depreciable	60,066,617	(5,619,128)	54,447,489
Less accumulated depreciation:			
Accumulated depreciation	(15,315,074)	2,548,672	(12,766,402)
Total Component Unit capital assets, net	$ 52,256,334	$ (3,585,432)	$ 48,670,902

Beginning debt, net of unamortized debt issuance costs, as presented in the Statement of Net Position and Note 6, have been restated to adjust for this partnership, including an elimination for a related party payable, as shown below.

	Beginning Enterprise Fund	Change in Reporting Entity	Restated Beginning Enterprise Fund
Net Enterprise Fund Debt	$ 33,549,670	$ 1,339,377	$ 34,889,047
Net Component Unit Debt	74,623,984	(2,032,998)	72,590,986

Note 16—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	Gum Spring Glen	Old Mount Vernon High School	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Eliminations	Primary Government
ASSETS															
Current Assets:															
Cash in bank	$ 1,874,821	$ 989,849	$ 4,658,373	$ 219,678	$ 373,965	$ 464,625	$ 432,640	$ 610,164	$ 311,868	$ -	$ -	$ 9,935,983	$ 62,381,300	$ -	$ 72,317,283
Investments	482,318	-	-	-	-	-	-	-	-	-	-	482,318	8,494,000	-	8,976,318
Restricted deposits held in trust	60,955	31,212	184,267	76,939	15,028	37,922	12,388	18,757	40,544	-	-	478,012	4,100,772	-	4,578,784
Restricted cash reserves	-	-	-	-	-	-	-	-	-	-	-	-	8,600,755	-	8,600,755
Accounts receivable, net of allowances	47,353	486	85,733	47,594	12,735	14,224	5,478	22,600	13,432	-	-	249,635	5,111,916	-	5,361,551
Notes, mortgages, and other receivables, net	-	-	-	-	-	-	-	-	-	-	-	-	262,820	-	262,820
Interfund receivables	-	-	-	-	-	-	-	-	-	-	-	-	4,315,721	(4,315,721)	-
Other current assets	621	70,997	73,234	-	-	81,810	23,533	29,602	167,479	2,470	-	449,746	68,180	-	517,926
Total Current Assets	2,466,068	1,092,544	5,001,607	344,211	401,728	598,581	474,039	681,123	533,323	2,470	-	11,595,694	93,335,464	(4,315,721)	100,615,437
Noncurrent Assets:															
Restricted cash reserves	1,425,423	342,055	1,349,464	258,751	24,434	519,139	199,384	209,668	452,827	-	-	4,781,145	21,254,505	-	26,035,650
Notes, mortgages, and other receivables, net	-	-	-	-	-	-	-	-	-	-	-	-	27,749,387	-	27,749,387
Net OPEB asset	-	-	-	-	-	-	-	-	-	-	-	-	698,638	-	698,638
Lease receivable	-	-	-	-	-	-	-	-	-	-	-	-	20,674,670	-	20,674,670
Other noncurrent assets	-	-	-	128,857	-	-	-	-	-	-	-	128,857	2,879,742	-	3,008,599
Total Noncurrent Other Assets	1,425,423	342,055	1,349,464	387,608	24,434	519,139	199,384	209,668	452,827	-	-	4,910,002	73,256,942	-	78,166,944
Land and land improvements	-	-	2,484,121	246,400	214,040	737,559	446,598	325,892	514,977	-	-	4,969,587	31,178,945	-	36,148,532
Construction in progress	-	-	205,126	-	-	-	-	-	-	2,723,385	-	2,928,511	1,600,100	-	4,528,611
Buildings and improvements	-	5,809,890	14,336,492	4,605,181	2,696,247	5,892,570	3,167,406	5,111,878	5,457,783	-	-	47,077,447	145,180,622	-	192,258,069
Equipment	-	123,250	14,321	227,823	298,871	344,551	21,592	142,512	173,023	-	-	1,345,943	15,047	-	1,360,990
Right-to-use asset	-	-	-	-	-	-	-	-	-	-	-	-	254,904	-	254,904
Accumulated depreciation and amortization	-	(3,365,736)	(13,695,407)	(2,911,916)	(2,001,699)	(3,697,707)	(1,992,498)	(5,016,214)	(2,696,080)	-	-	(35,377,257)	(104,319,651)	-	(139,696,908)
Total Capital Assets	-	2,567,404	3,344,653	2,167,488	1,207,459	3,276,973	1,643,098	564,068	3,449,703	2,723,385	-	20,944,231	73,909,967	-	94,854,198
Total Noncurrent Assets	1,425,423	2,909,459	4,694,117	2,555,096	1,231,893	3,796,112	1,842,482	773,736	3,902,530	2,723,385	-	25,854,233	147,166,909	-	173,021,142
Total Assets	3,891,491	4,002,003	9,695,724	2,899,307	1,633,621	4,394,693	2,316,521	1,454,859	4,435,853	2,725,855	-	37,449,927	240,502,373	(4,315,721)	273,636,579

Note 16—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	Gum Spring Glen	Old Mount Vernon High School	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Elimination	Primary Government
DEFERRED OUTFLOWS OF RESOURCES	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 111,418	$ 111,418	$ 9,056,934	$ -	$ 9,168,352
LIABILITIES AND NET POSITION															
Current Liabilities:															
Accounts payable and accrued liabilities	339,177	192,358	117,501	141,469	18,922	129,441	88,270	78,034	220,779	28,790	-	1,354,741	3,984,350	74,376	5,413,467
Deposits held in trust	60,955	24,066	176,181	24,675	10,453	27,045	7,431	17,204	28,143	-	-	376,153	1,667,612	-	2,043,765
Unearned revenue	29,857	7,274	44,282	82,129	2,602	23,174	12,227	22,741	26,288	-	-	250,574	812,624	-	1,063,198
Interfund payables	-	359,256	-	269,149	102,109	876,653	-	-	85,122	2,697,808	-	4,390,097	-	(4,390,097)	-
Other current liabilities	30,536	-	-	-	-	-	-	-	-	-	-	30,536	346,631	-	377,167
Loans, notes, and bonds payable, net	345,000	-	101,386	-	-	-	-	33,312	75,140	-	-	554,838	1,030,942	-	1,585,780
Total Current Liabilities	805,525	582,954	439,350	517,422	134,086	1,056,313	107,928	151,291	435,472	2,726,598	-	6,956,939	7,842,159	(4,315,721)	10,483,377
Noncurrent Liabilities:															
Loans, notes, and bonds payable, net	1,630,000	2,645,857	387,598	907,267	1,227,133	3,026,398	778,156	1,529,686	1,187,296	-	-	13,319,391	18,498,179	-	31,817,570
Net pension liability	-	-	-	-	-	-	-	-	-	-	293,762	293,762	19,126,886	-	19,420,648
Other noncurrent liabilities	650	1,291,519	-	564,050	2,019,503	1,332,105	-	466,102	162,612	-	-	5,836,541	534,067	-	6,370,608
Total Noncurrent Liabilities	1,630,650	3,937,376	387,598	1,471,317	3,246,636	4,358,503	778,156	1,995,788	1,349,908	-	293,762	19,449,694	38,159,132	-	57,608,826
Total Liabilities	2,436,175	4,520,330	826,948	1,988,739	3,380,722	5,414,816	886,084	2,147,079	1,785,380	2,726,598	293,762	26,406,633	46,001,291	(4,315,721)	68,092,203
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	148,854	148,854	33,267,620	-	33,416,474
Net Position (Deficit):															
Net investment in capital assets	(1,975,000)	(78,453)	2,855,669	1,260,221	(19,674)	250,575	864,942	(998,930)	2,187,267	2,723,385	-	7,070,002	71,376,468	-	78,446,470
Restricted	1,907,741	349,201	1,357,550	311,015	29,009	530,016	204,341	211,221	465,228	-	-	5,365,322	32,288,421	-	37,653,743
Unrestricted	1,522,575	(789,075)	4,655,557	(660,668)	(1,756,436)	(1,800,714)	361,154	95,489	(2,022)	(2,724,128)	(331,198)	(1,429,466)	66,625,507	-	65,196,041
Total Net Position (Deficit)	$ 1,455,316	$ (518,327)	$ 8,868,776	$ 910,568	$ (1,747,101)	$ (1,020,123)	$ 1,430,437	$ (692,220)	$ 2,650,473	$ (743)	$ (331,198)	$ 11,005,858	$ 170,290,396	$ -	$ 181,296,254

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 16—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	Gum Spring Glen	Old Mount Vernon High School	Allocated Pension/OPEB	Total Blended Component Unit	FCRHA	Elimination	Primary Government
Operating Revenues:															
Dwelling rentals	$ 1,173,716	$ 554,967	$ 2,265,967	$ 437,007	$ 235,064	$ 601,615	$ 201,387	$ 523,583	$ 555,971	$ -	$ -	$ 6,549,277	$ 26,338,858	$ -	$ 32,888,135
Other	49,746	29,514	259,935	137,560	899	31,688	42,669	39,072	58,876	-	-	649,959	4,804,480	(375,396)	5,079,043
Total Operating Revenues	1,223,462	584,481	2,525,902	574,567	235,963	633,303	244,056	562,655	614,847	-	-	7,199,236	31,143,338	(375,396)	37,967,178
Operating Expenses:															
Personnel services	616,347	96,312	364,309	82,980	30,828	98,876	27,943	122,301	115,328	-	(433,331)	1,121,893	12,500,799	-	13,622,692
Contractual services	-	12,050	12,900	12,050	11,500	12,630	5,024	15,610	15,780	-	-	97,544	25,671	-	123,215
Utilities	133,764	91,281	325,813	175,586	1,151	-	75,297	102,923	-	-	-	905,815	4,498,133	-	5,403,948
Repairs and maintenance	337,293	172,356	415,828	281,364	97,815	120,070	52,272	135,226	124,650	-	-	1,736,874	5,715,880	-	7,452,754
Other supplies and expenses	131,099	173,067	606,837	363,448	108,528	239,663	44,156	149,407	339,638	-	-	2,155,843	6,796,244	(752,026)	8,200,061
Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-	-	61,598,556	(613,378)	60,985,178
Depreciation and amortization	3,021	176,943	266,635	128,097	70,413	172,754	82,335	170,967	147,407	-	-	1,218,572	3,463,882	-	4,682,454
Total Operating Expenses	1,221,524	722,009	1,992,322	1,043,525	320,235	643,993	287,027	696,434	742,803	-	(433,331)	7,236,541	94,599,165	(1,365,404)	100,470,302
Operating Income (Loss)	1,938	(137,528)	533,580	(468,958)	(84,272)	(10,690)	(42,971)	(133,779)	(127,956)	-	433,331	(37,305)	(63,455,827)	990,008	(62,503,124)
Nonoperating Revenues (Expenses):															
Intergovernmental revenue	363,568	118,699	505,866	416,791	337,382	78,720	74,632	169,613	144,556	-	-	2,209,827	79,249,553	(613,378)	80,846,002
Owner distribution	(8,417)	-	(1,500,000)	-	-	-	-	-	-	-	-	(1,508,417)	-	-	(1,508,417)
Interest revenue	32,683	170	6,294	-	-	267	461	244	223	-	-	40,342	714,595	-	754,937
Loss on sale	-	-	-	-	-	-	-	-	-	-	-	-	11,238	-	11,238
Contribution from County	-	-	-	-	-	-	-	-	-	-	-	-	3,850,740	-	3,850,740
Contribution to County	-	-	-	-	-	-	-	-	-	-	-	-	(10,618,329)	-	(10,618,329)
Interfund transfer		-	14,364	13,584	-	-	299,534	-	49,148	-	-	376,630	-	(376,630)	-
Interest expense	(143,701)	(77,013)	(31,125)	(44,159)	(70,978)	(120,169)	(299,535)	(44,864)	(106,976)	(743)	-	(939,263)	(144,483)	-	(1,083,746)
Total Nonoperating Revenues (Expenses), net	244,133	41,856	(1,004,601)	386,216	266,404	(41,182)	75,092	124,993	86,951	(743)	-	179,119	73,063,314	(990,008)	72,252,425
Transfers	(1,141,171)	-	-	-	-	-	-	-	-	-	-	(1,141,171)	1,141,171	-	-
Change in net position	(895,100)	(95,672)	(471,021)	(82,742)	182,132	(51,872)	32,121	(8,786)	(41,005)	(743)	433,331	(999,357)	10,748,658	-	9,749,301
Net position (deficit), beginning of year, as restated	2,350,416	(422,655)	9,339,797	993,310	(1,929,233)	(968,251)	1,398,316	(683,434)	2,691,478	-	(764,529)	12,005,215	159,541,738	-	171,546,953
Net position (deficit), end of year	$ 1,455,316	$ (518,327)	$ 8,868,776	$ 910,568	$ (1,747,101)	$ (1,020,123)	$ 1,430,437	$ (692,220)	$ 2,650,473	$ (743)	$ (331,198)	$ 11,005,858	$ 170,290,396	$ -	$ 181,296,254

Note 16—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**	**Gum Spring Glen**	**Old Mount Vernon High School**	**Allocated Pension/OPEB**	**Total Blended Component Unit**	**FCRHA**	**Eliminations**	**Primary Government**
Cash flows from operating activities:															
Cash received from tenants	$ 1,153,360	$ 556,211	$ 2,231,990	$ 455,305	$ 232,392	$ 609,210	$ 182,694	$ 516,140	$ 565,628	$ -	$ -	$ 6,502,930	$ 26,585,257	$ -	$ 33,088,187
Cash received for services/fees	49,746	29,514	259,935	137,560	899	31,688	42,669	39,072	58,876	-	-	649,959	4,804,480	(375,396)	5,079,043
Payments to employees for services	(616,180)	(96,312)	(364,309)	(82,980)	(30,828)	(98,876)	(27,943)	(122,301)	(115,328)	-	-	(1,555,057)	(13,465,575)	-	(15,020,632)
Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-	-	(61,598,556)	613,378	(60,985,178)
Payments to suppliers for goods and services	(359,108)	(360,371)	(1,289,469)	(802,628)	(218,532)	(378,215)	(193,513)	(408,945)	(455,226)	(918)	-	(4,466,925)	(15,954,403)	375,396	(20,045,932)
Net cash flows from operating activities	227,818	129,042	838,147	(292,743)	(16,069)	163,807	3,907	23,966	53,950	(918)	-	1,130,907	(59,628,797)	613,378	(57,884,512)
Cash flows from noncapital financing activities:															
Intergovernmental revenues received	363,568	118,699	505,866	416,791	337,382	78,720	74,632	169,613	144,556	-	-	2,209,827	79,176,270	(613,378)	80,772,719
Interfund activity	-	(119,098)	14,364	59,165	(361,884)	(95,956)	299,534	(9,328)	134,270	2,697,808	-	2,618,875	(2,618,875)	-	-
Owner Distribution	(8,417)	-	(1,500,000)	-	-	-	-	-	-	-	-	(1,508,417)	-	-	(1,508,417)
Contribution to (from) County	-	-	-	-	-	-	-	-	-	-	-	-	(6,885,886)	-	(6,885,886)
Net cash flows from noncapital financing activities	355,151	(399)	(979,770)	475,956	(24,502)	(17,236)	374,166	160,285	278,826	2,697,808	-	3,320,285	69,671,509	(613,378)	72,378,416
Cash flows from capital financing activities:															
Purchase of capital assets	-	(50,188)	(11,610)	-	-	(34,432)	-	-	(11,679)	(2,696,147)	-	(2,804,056)	(4,059,827)	-	(6,863,883)
Proceeds from sale of assets	(26,864)	-	-	-	-	-	-	-	-	-	-	(26,864)	2,276,463	-	2,249,599
Interest/finance cost paid	(143,702)	(159,821)	(31,125)	(138,920)	46,029	(54,859)	(299,535)	(15,217)	(329,594)	(743)	-	(1,127,487)	(144,483)	-	(1,271,970)
Lease income	-	-	-	-	-	-	-	-	-	-	-	-	(104,417)	-	(104,417)
Debt principal paid	(325,000)	-	(95,344)	-	-	-	-	(27,998)	-	-	-	(448,342)	(981,686)	-	(1,430,028)
Net cash flows from financing activities	(495,566)	(210,009)	(138,079)	(138,920)	46,029	(89,291)	(299,535)	(43,215)	(341,273)	(2,696,890)	-	(4,406,749)	(3,013,950)	-	(7,420,699)
Cash flows from investing activities:															
Receipt of loans and advances repayments	-	-	-	-	-	-	-	-	-	-	-	-	377,778	-	377,778
Maturity of investments	(4,579)	-	-	-	-	-	-	-	-	-	-	(4,579)	735,000	-	730,421
Acquisition of investments	-	-	-	-	-	-	-	-	-	-	-	-	(6,289,000)	-	(6,289,000)
Interest on investments	32,683	170	6,294	-	-	267	461	244	223	-	-	40,342	714,595	-	754,937
Net cash flows from investing activities	28,104	170	6,294	-	-	267	461	244	223	-	-	35,763	(4,461,627)	-	(4,425,864)
Net change in cash and cash equivalents	115,507	(81,196)	(273,408)	44,293	5,458	57,547	78,999	141,280	(8,274)	-	-	80,206	2,567,135	-	2,647,341
Cash and cash equivalents, beginning of year, as restated (Note 15)	3,245,692	1,444,312	6,465,512	511,075	407,969	964,139	565,413	697,309	813,513	-	-	15,114,934	93,770,197	-	108,885,131
Cash and cash equivalents, end of year	$ 3,361,199	$ 1,363,116	$ 6,192,104	$ 555,368	$ 413,427	$ 1,021,686	$ 644,412	$ 838,589	$ 805,239	$ -	$ -	$ 15,195,140	$ 96,337,332	$ -	$ 111,532,472

Note 16—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	Gum Spring Glen	Old Mount Vernon High School	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)	$ 1,938	$ (137,528)	$ 533,580	$ (468,958)	$ (84,272)	$ (10,690)	$ (42,971)	$ (133,779)	$ (127,956)	$ -	$ 433,331	$ (37,305)	$ (63,455,827)	$ 990,008	$ (62,503,124)
Depreciation	3,021	176,943	266,635	128,097	70,413	172,754	82,335	170,967	147,407	-	-	1,218,572	3,463,882	-	4,682,454
Provision for doubtful accounts	-	-	44,471	-	-	-	-	-	-	-	-	44,471	1,085,588	(376,630)	753,429
(Increase) decrease in accounts receivable	(37,466)	1,244	(110,352)	18,298	(1,044)	(13,749)	(2,580)	(18,871)	(12,553)	-	-	(177,073)	159,593	-	(17,480)
(Increase) decrease in prepaid items and other assets	4,343	(70,538)	64,237	(97,246)	-	(67,500)	(23,533)	(12,288)	(142,899)	(2,470)	-	(347,894)	(981,078)	-	(1,328,972)
(Increase) decrease in net pension liability and											-	-			
related outflows/inflows	-	-	-	-	-	-	-	-	-	-	(422,179)	(422,179)	(170,700)	-	(592,879)
(Increase) decrease in net OPEB asset/liability and related outflows/inflows	-	-	-	-	-	-	-	-	-	-	(11,152)	(11,152)	(420,181)	-	(431,333)
Increase (decrease) in accounts payable and accrued liabilities	251,168	163,206	12,684	128,168	887	62,873	(15,281)	5,812	166,445	1,552	-	777,514	401,986	-	1,179,500
Increase (decrease) in deposits held in trust	(7,953)	(4,285)	(5,012)	(1,102)	(425)	(1,225)	(1,483)	697	1,296	-	-	(19,492)	201,134	-	181,642
Increase (decrease) in deferred revenues	12,767	-	31,904	-	(1,628)	21,344	7,420	11,428	22,210	-	-	105,445	86,806	-	192,251
Net cash flows from operating activities	$ 227,818	$ 129,042	$ 838,147	$ (292,743)	$ (16,069)	$ 163,807	$ 3,907	$ 23,966	$ 53,950	$ (918)	$ -	$ 1,130,907	$ (59,628,797)	$ 613,378	$ (57,884,512)
Noncash capital activities:															
Contributions to County	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,084,973	$ -	$ 1,084,973
Loss on Sale	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,238	$ -	$ 11,238
Amortization of debt issuance costs	$ -	$ 1,561	$ -	$ -	$ 2,580	$ 4,128	$ -	$ -	$ -	$ -	$ -	$ 8,269	$ -	$ -	$ 8,269

Note 17—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, 2021 is as follows:

	Olley Glen	Cedar Ridge	Murraygate Village	Total
ASSETS				
Current Assets:				
Cash in bank	$1,086,355	$2,252,890	$3,839,709	$ 7,178,954
Restricted deposits held in trust	82,636	143,498	136,890	363,024
Accounts receivable, net of allowances	6,339	204,832	78,348	289,519
Prepaid expenses and other assets, current	35,205	108,333	62,277	205,815
Total Current Assets	1,210,535	2,709,553	4,117,224	8,037,312
Noncurrent Assets:				
Restricted cash reserves	876,496	2,293,908	1,622,603	4,793,007
Other assets, noncurrent	16,405	1,151	80,346	97,902
Total Other Assets	892,901	2,295,059	1,702,949	4,890,909
Land and land improvements	3,150,098	1,595,717	2,244,000	6,989,815
Buildings and improvements	14,378,060	17,448,876	16,693,092	48,520,028
Equipment	377,345	409,606	5,285,249	6,072,200
Accumulated depreciation	(6,735,301)	(6,622,412)	(1,458,413)	(14,816,126)
Total Capital Assets	11,170,202	12,831,787	22,763,928	46,765,917
Total Noncurrent Assets	12,063,103	15,126,846	24,466,877	51,656,826
Total Assets	13,273,638	17,836,399	28,584,101	59,694,138
LIABILITIES				
Current Liabilities:				
Accounts payable	49,018	66,194	158,892	274,104
Accrued interest payable	-	93,350	58,003	151,353
Deposits held in trust	39,546	103,399	99,611	242,556
Unearned revenue	13,238	34,034	74,505	121,777
Accrued compensated absences	-	-	11,838	11,838
Due to FCRHA	81,404	-	489,868	571,272
Current portion long-term debt	53,499	261,340	152,781	467,620
Total Current Liabilities	236,705	558,317	1,045,498	1,840,520
Noncurrent Liabilities:				
Noncurrent portion long-term debt, net	13,221,685	12,389,321	22,454,010	48,065,016
Other noncurrent liabilities	4,445,557	791,037	2,517,983	7,754,577
Total Noncurrent Liabilities	17,667,242	13,180,358	24,971,993	55,819,593
Total Liabilities	17,903,947	13,738,675	26,017,491	57,660,113
NET POSITION (DEFICIT)				
Net investment in capital assets	(2,104,982)	181,126	157,137	(1,766,719)
Restricted net position	919,586	2,334,007	1,659,882	4,913,475
Unrestricted net position (deficit)	(3,444,913)	1,582,591	749,591	(1,112,731)
Total Net Position (Deficit)	$ (4,630,309)	$ 4,097,724	$ 2,566,610	$ 2,034,025

Note 17—Related party transactions (continued)

	Olley Glen	Cedar Ridge	Murraygate Village	Total
Operating Revenue:				
Rental	$ 952,286	$ 1,096,280	$ 1,873,752	$ 3,922,318
Other	114,686	314,426	105,978	535,090
Total Operating Revenue	1,066,972	1,410,706	1,979,730	4,457,408
Operating Expenses:				
Personnel services	70,273	352,894	395,104	818,271
Contractual services	15,780	19,130	41,796	76,706
Utilities	119,082	252,505	229,957	601,544
Repairs and maintenance	193,776	404,180	215,772	813,728
Other supplies and expenses	257,209	627,369	282,881	1,167,459
Depreciation and amortization	577,699	462,074	1,023,553	2,063,326
Total Operating Expenses	1,233,819	2,118,152	2,189,063	5,541,034
Operating Loss	(166,847)	(707,446)	(209,333)	(1,083,626)
Nonoperating Revenues (Expenses):				
Intergovernmental revenue	114,656	1,607,204	572,270	2,294,130
Contribution from General Partner	-	-	2,382,030	2,382,030
Interest income	725	2,678	1,467	4,870
Interest expense	(745,368)	(827,301)	(996,880)	(2,569,549)
Total Nonoperating Revenues (Expenses), net	(629,987)	782,581	1,958,887	2,111,481
Change in net position	(796,834)	75,135	1,749,554	1,027,855
Net position (deficit), beginning of year, as restated	(3,833,475)	4,022,589	817,056	1,006,170
Net position (deficit), end of year	$ (4,630,309)	$ 4,097,724	$ 2,566,610	$ 2,034,025

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, 2022

	2022	2021	2020	2019	2018
Authority's proportion of net pension liability	1.6408%	1.6087%	1.5733%	1.7116%	1.6624%
Authority's proportionate share of net pension liability	$ 19,420,648	$ 29,262,385	$ 26,588,797	$ 28,246,002	$ 26,903,629
Authority's covered payroll	$ 13,187,302	$ 13,320,395	$ 12,229,263	$ 12,762,566	$ 12,145,800
Authority's proportionate share of net pension liability as a percentage of its covered payroll	147.3%	219.7%	217.4%	221.3%	221.5%
Plan fiduciary net position as a percentage of total pension liability	81.3%	69.5%	70.8%	70.5%	69.9%

	2017	2016	2015
Authority's proportion of net pension liability	1.6146%	1.6215%	1.6799%
Authority's proportionate share of net pension liability	$ 24,644,244	$ 20,857,233	$ 17,501,779
Authority's covered payroll	$ 11,438,081	$ 11,144,649	$ 11,282,166
Authority's proportionate share of net pension liability as a percentage of its covered payroll	215.5%	187.2%	155.1%
Plan fiduciary net position as a percentage of total pension liability	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, 2022

	2022	2021	2020	2019	2018	2017
Actuarial determined contributions	$ 3,098,076	$ 3,738,600	$ 3,776,332	$ 3,319,022	$ 3,227,653	$ 2,781,412
Contributions in relation to the actuarial determined contribution	$ 3,098,076	$ 3,738,600	$ 3,776,332	$ 3,319,022	$ 3,227,653	$ 2,781,412
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 10,727,410	$ 13,187,302	$ 13,320,395	$ 12,229,263	$ 12,762,566	$ 12,145,800
Contributions as a percentage of covered payroll	28.9%	28.4%	28.4%	27.1%	25.3%	22.9%

	2016	2015	2014
Actuarial determined contributions	$ 2,515,234	$ 2,245,647	$ 2,177,501
Contributions in relation to the actuarial determined contribution	$ 2,515,234	$ 2,245,647	$ 2,177,501
Contribution deficiency (excess)	$ -	$ -	$ -
Authority's covered payroll	$ 11,438,081	$ 11,144,649	$ 11,282,166
Contributions as a percentage of covered payroll	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, 2022

	2022	2021	2020	2019	2018
Authority's proportion of the net OPEB liability	1.66%	1.67%	1.69%	1.71%	1.85%
Authority's proportionate share of the net OPEB (asset) liability	$ (698,638)	$ 291,271	$ 2,453,774	$ 1,577,823	$ 791,633
Authority's covered employee payroll	$ 17,049,926	$ 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	-4.10%	1.81%	15.57%	9.11%	4.71%
Plan fiduciary net position as a percentage of the total OPEB liability	111.02%	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, 2022

	Fiscal Year Ending 2022	Fiscal Year Ending 2021	Fiscal Year Ending 2020	Fiscal Year Ending 2019	Fiscal Year Ending 2018	Fiscal Year Ending 2017
Actuarial Determined Contribution	$ 217	$ 313	$ 271	$ 385	$ 412	$ 375
Contributions Made in Relation to the Actuarial Determined Contribution	344	300	329	434	463	518
Contribution Deficiency (Excess)	(127)	13	(58)	(49)	(51)	(143)
Covered Employee Payroll	18,599	17,050	16,058	15,764	17,322	16,805
Contributions as a Percentage of Payroll	1.85%	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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Specifications for Audits of Authorities, Boards, and Commissions* ("Specifications") issued by the Auditor of Public Accounts of the Commonwealth of Virginia, 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, 2022, 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 16, 2022. Our report includes a reference to other auditors who audited the financial statements of nine blended component units and three 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 nine of the blended component units (Herndon Harbor House I, Herndon Harbor House II, FCRHA HCDC One (Stonegate), The Green, Castellani Meadows, Morris Glen, Gum Springs Glen, Old Mount Vernon High School LLC, and Tavenner Lane), and two of the discretely presented component units (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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Finding and Response as item 2022-001, that we consider to be a significant deficiency.

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* or the Specifications.

Authority's Response to Finding

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompany Schedule of Finding and Response. The Authority's response to the finding identified in our audit is described in the accompanying Schedule of Finding and Response. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Tysons Corner, Virginia
November 16, 2022

1) Summary of Auditor's Results

<u>Financial Statements:</u>

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

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

Finding: 2022-001 **–** Intercompany transactions

Type of Finding: Significant Deficiency 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 and entity, and all interfund activities between the BCUs and the entity should be in balance. Specifically, all interfund transactions between Authority funds and BCUs should be eliminated for reporting purposes.

[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 our review of the financial statements, we noted related party receivables and payables were not classified within separate line items on the financial statements, which should balance between BCUs and the Authority. Additionally, loans that were forgivable by the Authority were inaccurately presented on the BCU statements. Lastly, the Authority's internal service fund provides services for Authority funds, which activity should be eliminated in the consolidation of Authority funds.

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 current year. The elimination entry for the internal service fund activity was not included during financial reporting.

Effect: For the year ended June 30, 2022, the Authority had overstated operating expenses by approximately $1,285,000, operating income by $908,000, and other non-operating income by $377,000. At June 30, 2022, the Authority had overstated BCU debt and net position by $9,121,000.

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. Additionally, we recommend all interfund transactions are tracked and properly eliminated.

Management's Response: Management concurs 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 between BCU and the Authority and ensure all balances are in agreement in the financial statements. Further, during the entity-wide consolidation, all internal service fund activities and amounts will be eliminated.