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, 2023

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF FAIRFAX, VIRGINIA)
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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

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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, 2023, 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 respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority, as of June 30, 2023, and the respective changes in 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 10.0%, 6.4%, and 9.9%, respectively, of the assets, net position, and revenues of the business-type activities as of June 30, 2023. 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 as of June 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate 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 , 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* (the "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, Old Mount Vernon High School LLC, Tavenner Lane, and one of the discretely presented component units (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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 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 December 1, 2023 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
December 1, 2023

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") 2023 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, 2023, 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 10 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, 2023 are included in the balances of the Enterprise Fund.

Financial Highlights for FY 2023

The FCRHA's FY 2023 financial highlights included the following:

- Total assets, deferred outflows of resources, liabilities. and deferred inflows of resources of the FCRHA were approximately $398.2 million, $11.4 million, $142.3 million, and $27.2 million, respectively; thus, total net position was approximately $240.1 million at June 30, 2023. Of this amount, approximately $72.5 million (unrestricted net position) may be used to meet the FCRHA's future operational needs.

- Total revenues and expenses were approximately $168.4 million and $109.6 million, respectively, resulting in an increase in net position of approximately $58.8 million as compared to net position increase of approximately $9.8 million for the prior year, an increase of 500.0%. The increase in net position is primarily related to an increase in nonoperating revenue, particularly intergovernmental revenue and County contributions.

- Cash and cash equivalents increased by approximately $18.3 million mostly contributed by increases in intergovernmental revenue and net County contributions.

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, 2023 and 2022.

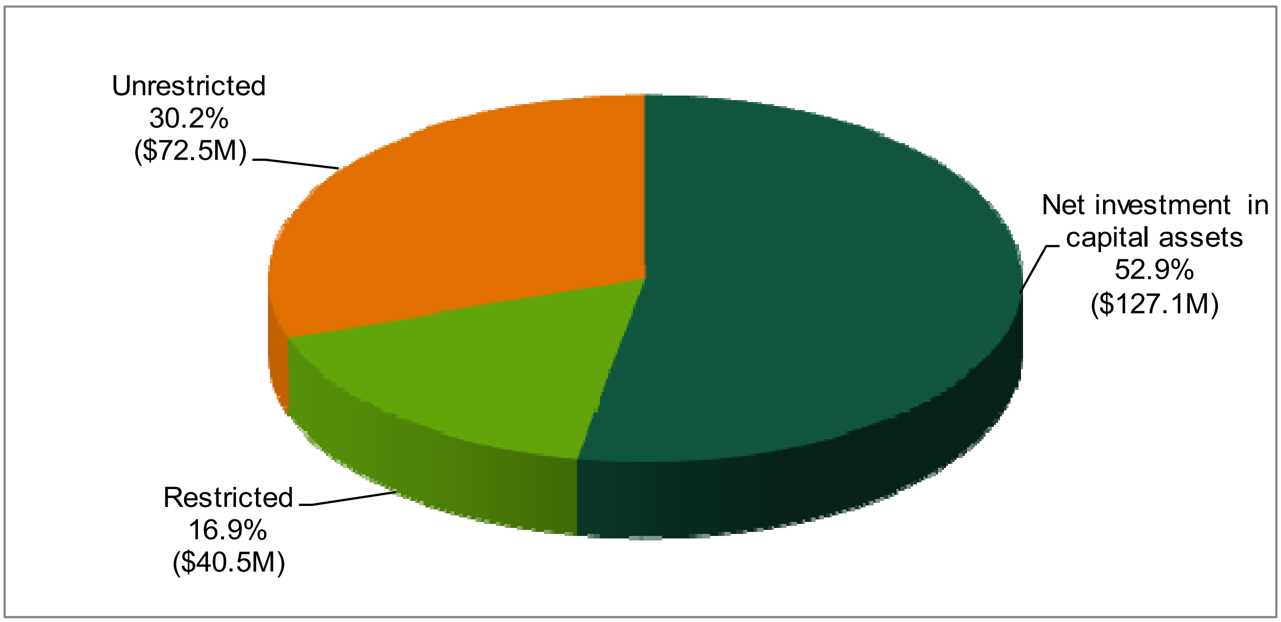
Table 1
Summary of Net Position
(in millions)

Description	2023	2022	Increase (Decrease)	% Change
Current and other assets	$ 258.0	$ 178.7	$ 79.3	44.4%
Capital assets	140.2	94.9	45.3	47.7%
Total Assets	398.2	273.6	124.6	45.5%
Deferred outflow of resources	11.4	9.2	2.2	23.9%
Current liabilities	17.3	10.5	6.8	64.8%
Noncurrent liabilities	125.1	57.6	67.5	117.2%
Total Liabilities	142.4	68.1	74.3	109.1%
Deferred inflow of resources	27.2	33.4	(6.2)	-18.6%
Net Position:				
Net investment in capital assets	127.1	78.4	48.7	62.1%
Restricted	40.5	37.7	2.8	7.4%
Unrestricted	72.5	65.2	7.3	11.2%
Total Net Position	$ 240.1	$ 181.3	$ 58.8	32.4%

As of June 30, 2023, the FCRHA's net position totaled approximately $240.1 million, an increase of approximately $58.8 million, or 32.4%, over the net position as of June 30, 2022. This change was due to a significant increase in noncurrent assets arising from the receivable from County for revenue bond and capital assets due to an increase in land acquisitions.

The FCRHA's total net position also consisted of restricted net position of $40.5 million at June 30, 2023 and $37.7 million at June 30, 2022, and unrestricted net position of $72.5 million and $65.2 million at June 30, 2023 and 2022, respectively. Restricted net position of $40.5 million represents 16.9% of the FCRHA's FY 2023 net position and unrestricted of $72.5 million represents 30.2%. 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, 2023.

Composition of FCRHA's Net Position ($240.1M)



Revenues, Expenses, and Changes in Net Position

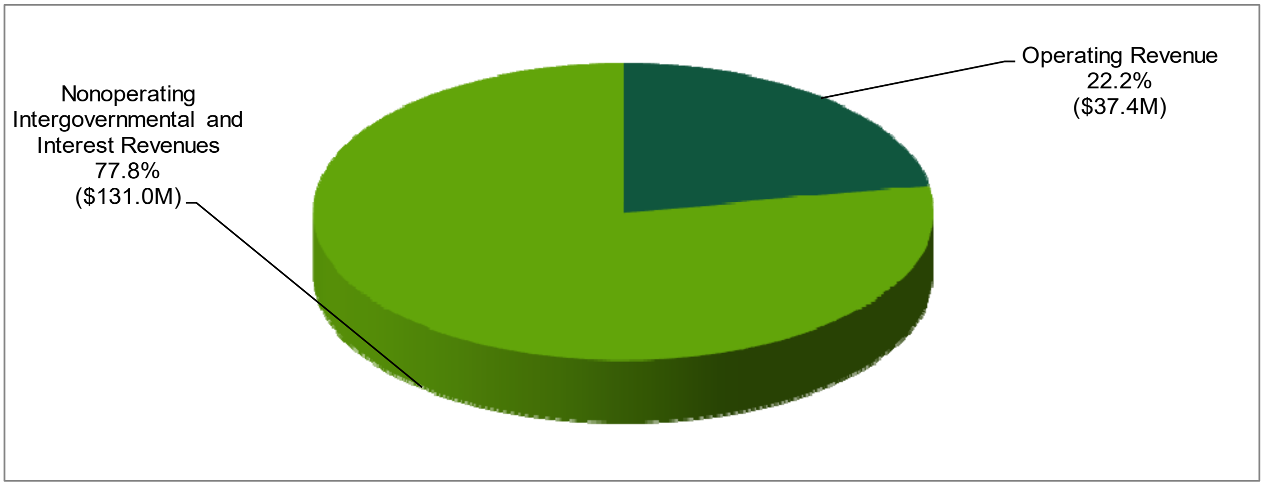
The results of the FCRHA's operations are reported in the statement of revenues, expenses, and changes in net position. In FY 2023, the FCRHA's enterprise programs realized an increase in net position of approximately $49.0 million. Table 2 presents a summary of data from the FCRHA's statement of revenues, expenses, and changes in net position for FY 2023 and FY 2022 and a comparative analysis of activities in these years.

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

Description	2023	2022	Increase (Decrease)	% Change
Revenues:				
Operating revenues	$ 37.4	$ 38.0	$ (0.6)	-1.6%
Nonoperating revenues and contributions	131.0	85.5	45.5	53.2%
Total Revenues	168.4	123.5	44.9	36.4%
Expenses:				
Operating expenses	101.7	100.5	1.2	1.2%
Nonoperating expenses	7.9	13.2	(5.3)	-40.2%
Total Expenses	109.6	113.7	(4.1)	-3.6%
Changes in net position	58.8	9.8	49.0	500.0%
Total net position, beginning of year	181.3	171.5	9.8	5.7%
Total net position, end of year	$ 240.1	$ 181.3	$ 58.8	32.4%

Total FCRHA revenues in FY 2023 were $168.4 million, comprised of operating and nonoperating revenues. Operating revenues contributed $37.4 million with 88.5% derived from rents and the rest from other user charges and developer and financing fees. The FCRHA's total overall revenues during the year were up by approximately $44.9 million or 36.4%. Overall, operating revenues were down by approximately $0.6 million or 1.6%. Nonoperating revenues made up $131.0 million of which 70.8% coming from federal grants from HUD, as well as from County contributions, and interest revenue. Nonoperating revenues reflected an increase of approximately $45.5 million or 53.2%. The total net position for FY 2023 was $240.1 million as compared to $181.3 million in the prior year, an overall increase over the prior year of $58.8 million or 32.4%.

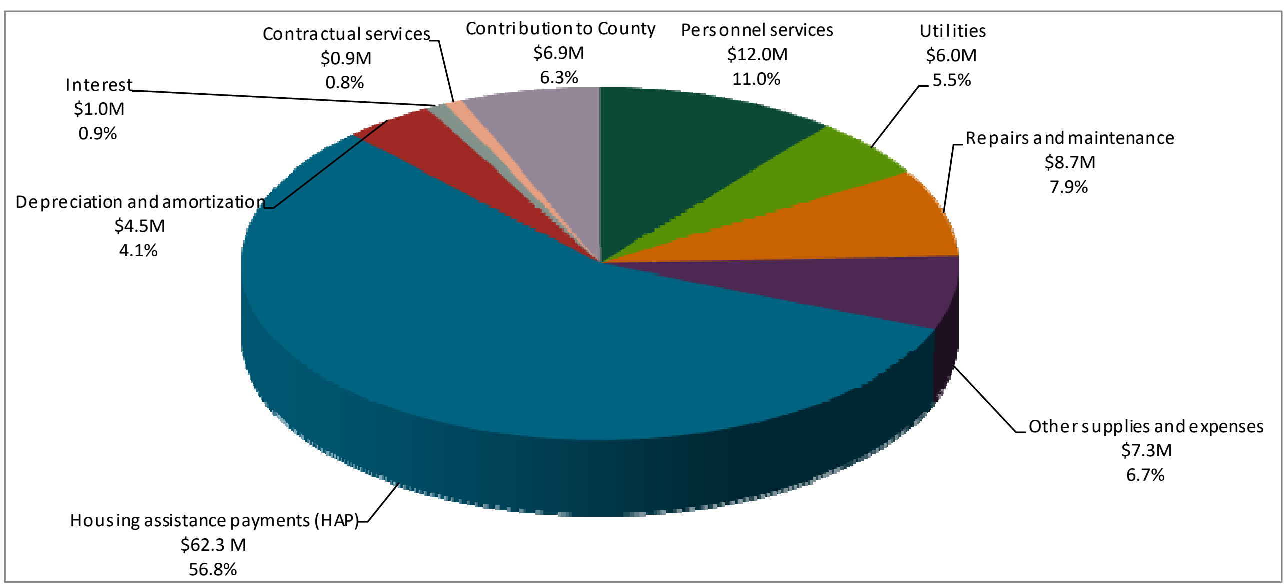
FCRHA's Enterprise Programs
Total Revenues ($168.4M)



The FCRHA's operating expenses in FY 2023 increased by approximately $1.2 million, or 1.2% from the prior year. The Housing Assistance Payments ("HAP") in the Housing Choice Voucher ("HCV") increased by $1.4 million, comprising 61.3% of operating expenses, repairs and maintenance accounted for a $1.2 million increase, or 8.5% of total, while personnel services decreased by $1.6 million or 11.8% of total operating expenses.

In FY 2023, the FCRHA incurred total expenses in its enterprise programs totaling approximately $109.6 million. The following pie chart illustrates major operating expense groups and their relative percentage of the total.

FCRHA's Enterprise Programs
Total Expenses ($109.6M)



Capital Assets and Debt Administration

Capital Assets. The FCRHA's capital assets at June 30, 2023 and 2022, included land, buildings and improvements, equipment, and construction in progress which totaled $140.2 million and $94.9 million, respectively, net of accumulated depreciation of approximately $144.2 million and $139.7 million at June 30, 2023 and 2022, respectively. For further details see Note 5, Capital Assets.

Short-Term and Long-Term Debt. The FCRHA's June 30, 2023 and 2022 Statement of Net Position includes debt – consisting of housing loans, notes, and bonds payable – of approximately $97.5 million and $33.4 million, respectively.

Public bond issues are project-specific and have been rated by Standard & 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. More than 17,900 individuals were served by FCRHA rental housing programs during FY 2023. The FCRHA owns and/or operates a total of 3,023 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 "penny" of the real estate tax rate for affordable housing initiatives. The value of a "penny" in FY 2023 was approximately $29.69 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% of AMI over the next 15 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 2023, 1,394 affordable housing units at 60% AMI and below have been created, and 1,423 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 2023, total resources for affordable housing totaled more than $279.2 million including County, federal, and all other revenue sources. This funding helps support 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 2023, 116 households were under lease through the RSSP Program. The average income of all households under lease in FY 2023 was $19,320.

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% of multifamily construction and 12.5% 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 2023, a total of 3,087 units (1,455 rental and 1,632 for-sale) have been produced under the ADU Program; the FCRHA acquired 195 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% of all new rental units as WDUs serving income tiers from 60% to 80% of AMI and a minimum of 12% of all new for sale units serving income tiers from 80% to 120% of AMI. As of the end of FY 2023, a total of 2,121 units (2,042 rental and 79 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. 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 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, 2023

	Enterprise Fund	Component Units	Total Reporting Entity
ASSETS			
Current Assets:			
Cash in bank (Note 2)	$ 44,634,181	$ 5,333,356	$ 49,967,537
Cash on deposit with the County of Fairfax, Virginia (Note 2)	25,556,191	-	25,556,191
Cash reserves (Note 2)	16,964,778	-	16,964,778
Investments (Note 3)	6,608,000	-	6,608,000
Restricted Cash:			
Cash reserves (Note 2)	9,436,029	-	9,436,029
Deposit held in trust (Note 2)	5,975,779	369,224	6,345,003
Accrued interest receivable	139,498	-	139,498
Accounts receivable (net of allowances) (Note 4)	3,583,308	351,827	3,935,135
Notes, mortgages, and other receivables (Note 4)	268,772	-	268,772
Lease receivable	347,044	-	347,044
Prepaid items and other assets	783,572	275,370	1,058,942
Total Current Assets	114,297,152	6,329,777	120,626,929
Noncurrent Assets:			
Restricted Assets:			
Cash reserves (Note 2)	27,225,767	4,985,295	32,211,062
Total Restricted Assets	27,225,767	4,985,295	32,211,062
Other Noncurrent Assets:			
Notes, mortgages and other receivables (net of allowances) (Note 4)	27,724,625	-	27,724,625
Lease receivable (Note 14)	19,983,154	-	19,983,154
Receivable from County for revenue bond	66,245,275	-	66,245,275
Prepaid items and other assets	2,548,875	85,845	2,634,720
Total Other Noncurrent Assets	116,501,929	85,845	116,587,774
Capital Assets (Note 5):			
Non-Depreciable/Non-Amortizable:			
Land	77,068,882	6,989,815	84,058,697
Construction in progress	8,719,423	-	8,719,423
Depreciable/Amortizable:			
Buildings and improvements	194,922,929	48,548,018	243,470,947
Right-to-use asset	1,866,493	-	1,866,493
Equipment	1,761,972	6,203,689	7,965,661
Accumulated depreciation/amortization	(144,153,459)	(16,868,934)	(161,022,393)
Total Capital Assets, net	140,186,240	44,872,588	185,058,828
Total Noncurrent Assets	283,913,936	49,943,728	333,857,664
Total Assets	398,211,088	56,273,505	454,484,593

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, 2023

	Enterprise Fund	Component Units	Total Reporting Entity
DEFERRED OUTFLOWS			
Deferred outflows for pension (Note 12)	$ 9,142,590	$ -	$ 9,142,590
Deferred outflows for OPEB (Note 13)	2,281,860	-	2,281,860
Total Deferred Outflows	11,424,450	-	11,424,450
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	7,084,519	370,390	7,454,909
Accrued salaries and benefits	482,095	-	482,095
Deposits held in trust	2,134,161	249,738	2,383,899
Unearned revenues	1,585,240	132,668	1,717,908
Due to FCRHA	-	113,433	113,433
Accrued compensated absences (Note 7)	363,582	-	363,582
Other current liabilities	362,797	-	362,797
Lease and SBITA liability (Notes 14 and 15)	960,181	-	960,181
Loans, notes, and bonds payable, net (Note 6)	4,285,744	436,668	4,722,412
Total Current Liabilities	17,258,319	1,302,897	18,561,216
Noncurrent Liabilities:			
Accrued compensated absences (Note 7)	285,757	-	285,757
Loans, notes, and bonds payable, net (Note 6)	93,225,145	47,826,611	141,051,756
Net pension liability (Note 12)	25,414,783	-	25,414,783
Net OPEB liability (Note 13)	149,165	-	149,165
Lease and SBITA liability (Notes 14 and 15)	763,228	-	763,228
Other accrued long-term interest	5,249,254	5,491,995	10,741,249
Total Noncurrent Liabilities	125,087,332	53,318,606	178,405,938
Total Liabilities	142,345,651	54,621,503	196,967,154
DEFERRED INFLOWS			
Deferred inflows for pension (Note 12)	4,305,382	-	4,305,382
Deferred inflows for OPEB (Note 13)	2,564,677	-	2,564,677
Deferred inflows for Leases (Note 14)	20,363,990	-	20,363,990
Total Deferred Inflows	27,234,049	-	27,234,049
NET POSITION			
Net investment in capital assets	127,132,339	(3,390,691)	123,741,648
Restricted	40,503,414	5,104,781	45,608,195
Unrestricted	72,420,085	(62,088)	72,357,997
Total Net Position	$ 240,055,838	$ 1,652,002	$ 241,707,840

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, 2023

	Enterprise Fund	Component Units	Total Reporting Entity
Operating Revenues:			
Dwelling rentals	$ 33,109,233	$ 4,209,094	$ 37,318,327
Other	4,299,322	684,853	4,984,175
Total Operating Revenues	37,408,555	4,893,947	42,302,502
Operating Expenses:			
Personnel services	12,039,807	657,263	12,697,070
Contractual services	917,550	498,110	1,415,660
Utilities	6,000,267	596,470	6,596,737
Repairs and maintenance	8,672,650	456,993	9,129,643
Other supplies and expenses	7,319,291	1,871,849	9,191,140
Housing assistance payments	62,341,931	-	62,341,931
Depreciation and amortization	4,456,551	2,052,808	6,509,359
Total Operating Expenses	101,748,047	6,133,493	107,881,540
Operating Loss	(64,339,492)	(1,239,546)	(65,579,038)
Nonoperating Revenues (Expenses):			
Intergovernmental revenue	92,740,966	2,112,416	94,853,382
Interest revenue	2,815,667	60,141	2,875,808
Contribution from General Partner	-	1,141,602	1,141,602
Contribution from County	35,429,608	-	35,429,608
Contribution to County	(6,921,662)	-	(6,921,662)
Interest expense	(965,503)	(2,456,636)	(3,422,139)
Total Nonoperating Revenues, Net	123,099,076	857,523	123,956,599
Change in net position	58,759,584	(382,023)	58,377,561
Net position, beginning of year	181,296,254	2,034,025	183,330,279
Net position, end of year	$ 240,055,838	$ 1,652,002	$ 241,707,840

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, 2023

	Enterprise Fund	Component Units	Total Reporting Entity
Cash flows from operating activities:			
Rental receipts	$ 35,384,351	$ 4,135,646	$ 39,519,997
Other operating cash receipts	4,299,328	684,853	4,984,181
Payments to employees for services	(13,738,332)	(669,101)	(14,407,433)
Housing assistance payments	(62,341,931)	-	(62,341,931)
Payments to suppliers for goods and services	(20,947,838)	(3,984,948)	(24,932,786)
Net cash flows from operating activities	(57,344,422)	166,450	(57,177,972)
Cash flows from noncapital financing activities:			
Contribution to County, net	(5,839,092)	-	(5,839,092)
Contribution from FCRHA	-	1,141,602	1,141,602
Intergovernmental revenues received	93,760,495	2,112,416	95,872,911
Net cash flows from noncapital financing activities	87,921,403	3,254,018	91,175,421
Cash flows from capital and related financing activities:			
Purchase of capital assets	(14,689,851)	(159,479)	(14,849,330)
Interest paid	(698,824)	(4,299,773)	(4,998,597)
Lease income	67,002	-	67,002
Debt principal paid	(2,237,508)	(668,467)	(2,905,975)
Net cash flows from capital and related financing activities	(17,559,181)	(5,127,719)	(22,686,900)
Cash flows from investing activities:			
Receipt of loan and advance repayments	18,810	-	18,810
Maturity of investments	482,318	-	482,318
Acquisition of investments	1,886,000	-	1,886,000
Interest and gain received on investments	2,855,325	60,141	2,915,466
Net cash flows from investing activities	5,242,453	60,141	5,302,594
Net change in cash and cash equivalents	18,260,253	(1,647,110)	16,613,143
Cash and cash equivalents, beginning of year	111,532,472	12,334,985	123,867,457
Cash and cash equivalents, end of year	$ 129,792,725	$ 10,687,875	$ 140,480,600

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

YEAR ENDED JUNE 30, 2023

	Enterprise Fund	Component Units	Total Reporting Entity
Reconciliation to statement of net position:			
Cash in bank	$ 44,634,181	$ 5,333,356	$ 49,967,537
Cash on deposit with the County of Fairfax, Virginia	25,556,191	-	25,556,191
Current cash reserves	16,964,778	-	16,964,778
Cash deposits held in trust	5,975,779	369,224	6,345,003
Current restricted cash reserves	9,436,029	-	9,436,029
Noncurrent cash reserves	27,225,767	4,985,295	32,211,062
Cash and cash equivalents	$ 129,792,725	$ 10,687,875	$ 140,480,600
Reconciliation of operating loss to net cash flows from operating activities:			
Operating loss	$ (64,339,492)	$ (1,239,546)	$ (65,579,038)
Depreciation and amortization	4,456,551	2,052,808	6,509,359
Provision for doubtful accounts	(896,295)	-	(896,295)
Net pension liability and related outflows/inflows	(1,318,018)	-	(1,318,018)
Net OPEB liability and related outflows/inflows	(72,305)	-	(72,305)
Effects of changes in operating assets and liabilities:			
Accounts receivable	1,601,733	(65,104)	1,536,629
Prepaid items and other assets	54,121	(54,702)	(581)
Accounts payable and accrued liabilities	2,588,643	(87,240)	2,501,403
Deposits held in trust	90,396	(109,888)	(19,492)
Due to FCRHA	-	(321,534)	(321,534)
Unearned revenue	490,244	(8,344)	481,900
Net cash flows from operating activities	$ (57,344,422)	$ 166,450	$ (57,177,972)
Noncash activities:			
Contributions from County	$ 34,347,039	$ -	$ 34,347,039
Asset acquired through financing	$ (751,703)	$ -	$ (751,703)
Amortization of debt issuance costs	$ 8,269	$ 13,602	$ 21,871

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, 2023. The discretely presented 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 10 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 enables it to impose its will on the limited partnerships. Additionally, the Authority is financially accountable for the limited partnerships as the Authority is legally obligated to fund operating deficits up to a maximum limit per partnership, in accordance with the terms of the partnership agreements.

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 properties such as Braddock Glen and Little River Glen 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 assets 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 assets 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.

Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance are recorded as unearned. 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-to-use (“RTU”) 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 are 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.

Subscription-Based Information Technology Arrangements – The Authority has recorded Subscription-Based Information Technology Arrangement (“SBITA”) assets and liabilities as a result of implementing Government Accounting Standards Board (“GASB”) Statement 96. The SBITA assets are initially measured at an amount equal to the initial measurement of the related SBITA liability plus any SBITA payments made prior to the subscription term, less SBITA incentives, and plus any ancillary charges necessary to place the SBITA into service. The SBITA assets are amortized on a straight-line basis over the life of the related contract.

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, 2023, the bank balance of the Authority's cash and cash equivalents was $129,799,706. All deposits were entirely insured or collateralized with securities held by the Authority's agent in the Authority's name as of June 30, 2023. Total Enterprise Fund cash and cash equivalents was $129,792,725 as of June 30, 2023.

Note 3—Investments

As of June 30, 2023, the Authority had the following investment type:

	Amount	Weighted Average Maturity (Days)
Investment type:		
Certificates of deposit	6,608,000	
Total fair value	$ 6,608,000	
Portfolio weighted average maturity		134.93

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 U.S. GAAP. 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.

Note 4—Receivables

Accounts Receivable – Accounts receivable at June 30, 2023 consisted of the following:

Tenant receivable (net of allowances of $912,666)	$	1,407,510
Landlord and HCV tenant receivables (net of allowances of $344,206)		1,551,756
Accounts receivable		624,042
	$	3,583,308

Note 4—Receivables (continued)

Notes Receivable – Notes receivable at June 30, 2023 consisted of the following:

Note Holder	Terms		Outstanding Balance
North Hill LLC	Secured non-interest bearing note, maturing May 1, 2053, with annual payments beginning June 1, 2023 equal to 50% of net cash flow.	$	300,000
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.	$	676,721
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.		11,138,098
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.		4,442,017
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			27,966,957
Less current notes			(268,772)
Noncurrent notes receivable, net of allowance for doubtful accounts		$	27,698,185

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, 2023, 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 $4,757,832 due to the Authority that are required to be paid with surplus cash. The Authority has recorded an allowance of $4,757,832, 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, 2023:

Notes receivable, current portion	$ 268,772
Notes receivable	27,698,185
Mortgages receivable	26,440
Long-term portion, net	27,724,625
Total notes and mortgages receivables, net	$ 27,993,397

Note 5—Capital assets

The Enterprise Fund's capital asset activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	$ 36,148,532	$ 40,920,350	$ -	$ 77,068,882
Construction-in-progress	4,528,611	5,590,812	(1,400,000)	8,719,423
Total capital assets, nondepreciable	40,677,143	46,511,162	(1,400,000)	85,788,305
Capital assets, depreciable:				
Buildings and improvements	192,258,069	2,664,860	-	194,922,929
Right-to-use asset				
Ground leases	254,904	859,886	-	1,114,790
SBITAs	-	751,703	-	751,703
Equipment	1,360,990	400,982	-	1,761,972
Total capital assets, depreciable	193,873,963	4,677,431	-	198,551,394
Less accumulated depreciation and amortization:				
Buildings and improvements	(138,314,924)	(3,551,513)	-	(141,866,437)
Right-to-use asset				
Ground leases	(10,128)	(15,281)	-	(25,409)
SBITAs	-	(187,926)		(187,926)
Equipment	(1,371,856)	(701,831)	-	(2,073,687)
Total accumulated depreciation	(139,696,908)	(4,456,551)	-	(144,153,459)
Total depreciable capital assets, net	54,177,055	220,880	-	54,397,935
Total enterprise fund capital assets, net	$ 94,854,198	$ 46,732,042	$ (1,400,000)	$ 140,186,240

Depreciation and amortization expense for the year ended June 30, 2023 relating to the Enterprise Fund was $4,456,551.

Note 5—Capital assets (continued)

The Component Unit's capital asset activity for the year ended December 31, 2022 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	48,520,028	27,990	-	48,548,018
Equipment	6,072,200	131,489	-	6,203,689
Total capital assets, depreciable	54,592,228	159,479	-	54,751,707
Less accumulated depreciation:				
Buildings and improvements	(14,007,311)	(2,052,808)	-	(16,060,119)
Equipment	(808,815)	-	-	(808,815)
Total accumulated depreciation	(14,816,126)	(2,052,808)	-	(16,868,934)
Total depreciable capital assets, net	39,776,102	(1,893,329)	-	37,882,773
Total Component Unit capital assets, net	$ 46,765,917	$ (1,893,329)	$ -	$ 44,872,588

Depreciation expense for the year ended December 31, 2022 relating to the Component Unit was $2,052,808.

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, 2023:

Note Holder	Terms	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.	$ 256,630
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.	256,721
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.	329,438
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.	448,129
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.	117,098
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.	63,394
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.	768,968
Fulton Bank	Secured by Morris Glen rental property, bearing interest at 8.5%, maturing April 1, 2026, principal and interest payments due at maturity.	119,587
		2,359,965
Less current notes		267,694
Noncurrent notes payable		$ 2,092,271

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

Years Ending June 30:	Principal	Interest
2024	$ 267,694	$ 92,481
2025	165,966	78,655
2026	146,204	70,698
2027	106,875	66,021
2028	111,374	61,521
2028-2033	1,561,852	208,708
	$ 2,359,965	$ 578,084

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, 2023:

	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	$ 1,630,000
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	274,860
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	726,743
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.	11,138,097
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.	4,442,017
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	55,970,000
	74,181,717
Less current bonds	2,943,781
Total noncurrent bonds payable	$ 71,237,936

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
2024	$ 2,943,781	$ 3,709,020
2025	3,110,164	3,551,603
2026	3,273,145	3,385,371
2027	3,474,172	3,202,992
2028	3,090,857	3,033,576
2029 - 2033	17,350,689	12,669,473
2034 - 2038	22,237,316	7,718,892
2039 - 2043	12,851,874	2,538,384
2044 - 2048	4,518,190	1,001,073
2049 - 2053	1,331,529	96,058
	$ 74,181,717	$ 40,906,442

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, 2023 consists of:

Note Holder	Terms	Outstanding Balance
FCRHA	Secured by Morris Glen rental property, bearing interest at 2.0%, maturing January 1, 2026, principal and interest payments due at maturity.	$ 621,883
FCRHA	Secured by Morris Glen rental property, bearing interest at 1.0%, maturing January 1, 2026, principal and interest payments due at maturity.	788,217
FCRHA	Secured by Tavenner rental property, non interest-bearing, maturing January 1, 2027, principal payments due at maturity.	462,411
FCRHA	Secured by Tavenner rental property, non interest-bearing, maturing January 1, 2027, principal payments due at maturity.	315,745
FCRHA	The HOME Loan, in the original principal amount of $659,000, was obtained by Herndon Harbor House I. The note is payable at maturity, including simple interest at 2% per annum, on August 1, 2027. The note is collateralized by a second deed of trust on the rental property.	553,853
FCRHA	The CDBG Loan, in the original amount of $527,000, was obtained by Herndon Harbor House I. The note is payable at maturity, including simple interest at 2% per annum, on August 1, 2027. The note is collateralized by a third deed of trust on the rental property.	525,298

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

Notes Payable – FCRHA (continued)

Note Holder	Terms	Outstanding Balance
FCRHA	The Housing Trust Fund Loan, in the original principal amount of $1,827,433, was obtained by Herndon Harbor House I. The note is payable at maturity, including simple interest at 2% per annum, on August 1, 2027. The note is collateralized by a fourth deed of trust on the rental property.	$ 1,573,719
FCRHA	The HOME Loan, in the original principal amount of $1,040,000, was obtained by Castellani Meadows. The note is payable at maturity, including simple interest at 4% per annum, on April 1, 2028. The note is collateralized by a fourth deed of trust on the rental property.	1,018,922
FCRHA	The loan payable to RHA, one of the general partners, represents $270,500 in CDBG funds advanced to Stonegate to assist in financing renovation of the property. The amount is non-repayable, unless the property ceases to be used for the purpose of providing affordable housing to qualified tenants.	270,500
FCRHA	The CDBG Loan, in the original amount of $880,000, was obtained by Castellani Meadows. The note is payable at maturity, including simple interest at 4% per annum, on April 1, 2028. The note is collateralized by a third deed of trust on the rental property.	208,211
FCRHA	The Housing Trust Fund Loan is secured by The Green rental property, bearing interest at 3.37%, maturing November 1, 2028 principal and interest payments due monthly.	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 interest 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.	221,848
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
		10,731,956
Less current notes		17,474
Total noncurrent notes payable		$ 10,714,482

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
2024	$ 17,474	$ 9,091
2025	18,232	8,333
2026	1,429,122	534,611
2027	3,450,872	1,541,417
2028	2,155,106	2,086,779
2029 - 2033	3,390,650	1,986,613
Thereafter	270,500	-
	$ 10,731,956	$ 6,166,844

Changes in Short-Term and Long-Term Liabilities – The Enterprise Fund's long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 18,970,622	$ 55,970,000	$ (758,905)	$ 74,181,717	$ 2,943,781
Issuance premiums	-	10,275,275	-	10,275,275	1,056,795
Notes payable	3,731,517	-	(1,371,552)	2,359,965	267,694
Notes payable - FCRHA	10,748,704	-	(16,748)	10,731,956	17,474
Less unamortized debt issuance costs related to BCU	(47,493)	-	9,469	(38,024)	-
Net Enterprise Fund debt	$ 33,403,350	$ 66,245,275	$ (2,137,736)	$ 97,510,889	$ 4,285,744

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, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit debt	$ 49,319,874	$ -	$ (467,620)	$ 48,852,254	$ 436,668
Less unamortized debt issuance costs	(787,238)	-	198,263	(588,975)	-
Net Component Unit debt	$ 48,532,636	$ -	$ (269,357)	$ 48,263,279	$ 436,668

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

Years Ending December 31,	Principal
2023	$ 436,668
2024	459,333
2025	484,466
2026	510,335
2027	537,615
Thereafter	46,423,837
	$ 48,852,254

Note 7—Accrued compensated absences

The Enterprise Fund's compensated absences activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences payable	$ 661,526	$ 371,854	$ 384,041	$ 649,339	$ 363,582

The Component Unit's compensated absences activity for the year ended December 31, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences payable	$ 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, 2023, the cumulative total of bonds outstanding under the Authority's name was $68,729,228.

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 matures on October 1, 2023.

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. Due to the implementation of GASB Statement No. 91, these bonds have been recorded in the Authority's financial statements as long-term obligation. As the County is responsible, under the related documents and subject to annual appropriations, to make payments to a trustee sufficient to pay principal and interest on all these bonds, the related noncurrent receivables from the County have been recorded in the Authority's financial statements. See Note 6 for additional information.

Note 9—Conduit debt (continued)

On December 15, 2020, the FCRHA issued $22,500,000 of Multifamily Housing Revenue Bonds (Series 2020). 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.

On September 15, 2021, FCRHA issued $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 is 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 on December 1, 2025.

On October 13, 2021, FCRHA issued $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 will 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.

On September 16, 2022, FCRHA issued $7,717,000 in Multifamily Housing Revenue Bonds (Series 2022) to provide supplemental financing for the construction of a 44-unit affordable multifamily housing development project for seniors to be known as Braddock Four Apartments. The Project was to be constructed on the land owned by FCRHA and leased to the borrower pursuant to a Deed of Lease between FCRHA and the borrower. The bond bears an interest rate of 4.00% and will mature April 1, 2025.

In December 2022, FCRHA issued a total of $2,722,000 in Multifamily Housing Revenue Bonds (Series 2022) to provide supplemental financing for the construction of a 148-unit affordable multifamily housing development project to be known as Arrowbrook Apartments. The Project was to be constructed on the land owned by FCRHA and leased to the borrower pursuant to a deed of lease between FCRHA and the borrower. The bond bears an interest rate of 5.00% and will mature January 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 sources 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, 2023.

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, 2023.

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, 2023 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 2023, the amortization target remained at 100%. The employer contribution made during the measurement period of the liability was $3,098,076. The 2023 employer contribution totaled $3,756,086.

Net Pension Liability – The ERS calculated total pension liability based on participant data collected as of December 31, 2021 and an actuarial valuation as of June 30, 2022, using the entry age actuarial cost method, with a measurement date of June 30, 2022. The proportionate share for the Authority is 1.3522%, a decrease of .2886% from the prior year. At June 30, 2023, the Authority reported a liability of $25,414,783 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, 2023, the Authority recognized pension expense of $2,438,069. At June 30, 2023, 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	$ 2,636,924	$ 383,398
Change in assumptions	1,896,212	-
Net differences between projected and actual earning on pension plan investments	326,410	-
Change in proportion applicable to Authority	526,958	3,921,984
Authority contributions subsequent to the measurement date	3,756,086	-
	$ 9,142,590	$ 4,305,382

Note 12—Retirement plans (continued)

The $3,756,086 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, 2024. 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
2024	$ 23,892
2025	230,878
2026	(358,838)
2027	1,185,190
	$ 1,081,122

Actuarial Assumptions – The ERS calculated total pension liability based on participant data collected as of December 31, 2021 and an actuarial valuation as of June 30, 2022, using the entry age actuarial cost method, with a measurement date of June 30, 2022. Significant actuarial assumptions used in the valuation included:

Discount rate, net of plan investment expenses	6.75%
Inflation	2.75%
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 Annuity PubG-2010 Combined Mortality projected to MP-2020

The actuarial assumptions used in the June 30, 2023 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, 2023 are summarized below.

Asset Class	Expected Real Rate of Return	Target Allocation
U.S. Leverage Cost	1.90%	-35.00%
Non-U.S. Leverage Cost	1.10%	-26.00%
U.S. Large-Cap Equity	7.70%	11.00%
U.S. Small/Mid-Cap Equity	8.70%	3.00%
Non-U.S. Developed Equity (USD Hedge)	8.30%	6.00%
Non-U.S. 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%
U.S. TIPS	2.30%	16.00%
U.S. Treasury Bond	2.10%	-3.00%
U.S. Mortgage-Backed Securities	2.50%	2.00%
U.S. 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-U.S. Government Bond	2.20%	2.00%
Non-U.S. Government Bond (USD Hedge)	2.00%	2.00%
Non-U.S. 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%
U.S. Long-Term Treasury Bond (10-30 Year)	2.60%	5.00%
20+ Year U.S. Treasury STRIPS	3.90%	3.00%
U.S. High Yield Securitized Bond	5.10%	2.00%
U.S. High Yield Collateralized Loan Obligation	6.30%	4.00%
10 Year U.S. Treasury Bond	2.60%	8.00%
10 Year Non-U.S. Government Bond (USD Hedge)	1.20%	18.00%
Commodity Futures	5.00%	7.00%
Public Real Assets (Multi-Asset)	6.00%	2.00%
U.S. 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%
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	$ 102,071,638	$ 91,092,663	$ 81,902,841
Authority's proportionate share of plan fiduciary pension net position	65,677,879	65,677,880	65,677,879
Authority's proportionate share of net pension liability	$ 36,393,759	$ 25,414,783	$ 16,224,962
Plan fiduciary net position as a percentage of the total pension liability	64.3%	72.1%	80.2%

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

Information concerning ERS as a whole, including pension plan's fiduciary net position, is available in the County ACFR for the fiscal year ended June 30, 2023. 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/annualcomprehensivefinancialreport

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/annualcomprehensivefinancialreport

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 $40 per month to $230 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 2023 was $208,136. Plan members are not required to contribute.

Assumptions – Total OPEB Liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2022, using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
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, 2021 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, 2023 are as follows:

Asset Class	Expected Real Rate of Return	Target Allocation
Domestic equity (large cap)	7.30%	25.78%
Domestic equity (small cap)	7.80%	9.86%
International equity	7.60%	11.98%
Emerging markets equity	8.20%	4.59%
Long/short equity	7.20%	4.70%
Core U.S. fixed income	3.70%	4.04%
Core Plus U.S. fixed income	4.90%	14.05%
Absolute return fixed income	3.30%	3.60%
Real estate	5.10%	12.48%
Cash	2.90%	1.86%
Private equity	10.20%	7.06%

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, 2023 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 1.81%, an increase of 0.15% from the prior year. The components of the net OPEB liability at June 30, 2023 are as follows:

Total OPEB liability	$	7,070,137
Plan fiduciary net position (market value of assets)		(6,920,972)
Net OPEB liability	$	149,165
Plan fiduciary net position as a percentage of the OPEB liability		97.89%

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	$ 8,167,151	$ 7,070,137	$ 6,192,651
Plan fiduciary net position	(6,920,972)	(6,920,972)	(6,920,972)
Net OPEB liability (asset)	$ 1,246,179	$ 149,165	$ (728,321)

The following represents net OPEB liability calculated using the healthcare trend rates (6.70% – 11.90% 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	$ 6,023,767	$ 7,070,137	$ 8,430,050
Plan fiduciary net position	(6,920,972)	(6,920,972)	(6,920,972)
Net OPEB liability (asset)	$ (897,205)	$ 149,165	$ 1,509,078

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the Authority recognized OPEB benefit of $334,469. At June 30, 2023, 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	$ 1,014,051	$ 82,822
Change in assumptions	775,238	2,415,777
Net difference between projected and actual earnings on OPEB plan investment	284,435	-
Change in proportion	-	66,078
Contributions subsequent to the measurement date	208,136	-
	$ 2,281,860	$ 2,564,677

The $208,136 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, 2024.

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,		
2024	$	(46,444)
2025		(58,522)
2026		(135,749)
2027		10,310
2028		(235,854)
Thereafter		(24,694)
	$	(490,953)

Note 14—Leases

Lease Receivable – The Authority leases land to a third party under a lease dated December 15, 2021. The lease is for 99 years ending December 2120 and the Authority receives quarterly lease payments ranging from $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, 2023, the Authority's receivable for lease payments was $20,330,198 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, 2023, the balance of the deferred inflow of resources was $20,363,990.

Lease Payable – The Authority leases a facility from an unrelated third party under a noncancellable lease. As of June 30, 2023, the value of the lease liability was $1,101,713. 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 RTU asset as of the end of the current fiscal year was $1,109,637 and had accumulated amortization of $20,256.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease liability	$ 249,708	$ 905,467	$ 5,461	$ 1,149,714	$ 772,077

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

Years Ending June 30,	Principal	Interest	Total
2024	$ 772,077	$ 38,202	$ 810,279
2025	83,761	13,527	97,288
2026	15,667	21,822	37,489
2027	7,612	59,272	66,884
2028	7,961	58,934	66,895
2029 - 2033	42,979	96,311	139,290
2034 - 2038	52,361	1,092,750	1,145,111
2039 - 2043	67,198	21,913	89,111
2044 - 2047	100,098	4,341	104,439
	$ 1,149,714	$ 1,407,072	$ 2,556,786

Note 15—SBITAs

Effective July 1, 2022, the Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will provide guidance on the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA (2) establishes that a SBITA results in a right-to-use subscription asset-intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, included implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87.

As of June 30, 2023, the value of the SBITA liability was $573,695. The Authority is required to make annual principal and interest payments of $202,526. The SBITA does not have a stated interest rate; therefore, the Authority used its incremental borrowing rate, 5%, as the discount rate for SBITAs. The value of the RTU asset as of the end of the current fiscal year was $751,703 and had accumulated amortization of $187,926.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
SBITA liability	$ -	$ 746,621	$ 172,926	$ 573,695	$ 188,104

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

Years Ending June 30,	Principal	Interest	Total
2024	$ 188,104	$ 20,753	$ 208,857
2025	191,073	11,453	202,526
2026	194,518	1,677	196,195
	$ 573,695	$ 33,883	$ 607,578

For the year ended June 30, 2023, the Authority had no SBITAs with variable payments that were based on user seats.

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	$ 1,425,750	$ 969,257	$ 6,003,524	$ 172,483	$ 487,900	$ 399,337	$ 392,080	$ 705,477	$ 263,584	$ -	$ -	$ 10,819,392	$ 76,335,758	$ -	$ 87,155,150
Investments	-	-	-	-	-	-	-	-	-	-	-	-	6,608,000	-	6,608,000
Restricted deposits held in trust	51,861	32,580	185,926	77,352	15,028	39,295	12,484	19,152	40,884	-	-	474,562	5,501,217	-	5,975,779
Restricted cash reserves	1,577,151	-	-	-	-	-	-	-	-	-	-	1,577,151	7,858,878	-	9,436,029
Accounts receivable, net of allowances	48,894	25,224	46,855	58,680	10,939	14,143	25,261	22,024	38,955	2,572	-	293,547	3,289,761	-	3,583,308
Notes, mortgages, and other receivables, net	-	-	-	-	-	-	-	-	-	-	-	-	268,772	-	268,772
Lease receivable	-	-	-	-	-	-	-	-	-	-	-	-	347,044	-	347,044
Interfund receivables	-	-	-	-	-	-	-	-	-	-	-	-	1,698,712	(1,698,712)	-
Other current assets	960	66,318	97,365	315,104	-	103,276	17,023	22,459	4,607		-	627,112	295,958	-	923,070
Total Current Assets	3,104,616	1,093,379	6,333,670	623,619	513,867	556,051	446,848	769,112	348,030	2,572	-	13,791,764	102,204,100	(1,698,712)	114,297,152
Noncurrent Assets:															
Restricted cash reserves	475,730	381,704	1,437,529	258,751	24,434	536,246	201,126	229,829	473,105	-	-	4,018,454	23,207,313	-	27,225,767
Notes, mortgages, and other receivables, net	-	-	-	-	-	-	-	-	-	-	-	-	27,724,625	-	27,724,625
Lease receivable	-	-	-	-	-	-	-	-	-	-	-	-	19,983,154	-	19,983,154
Other noncurrent assets	-	-	-	-	-	-	-	-	-	-	-	-	2,548,875	-	2,548,875
Receivable from County for revenue bond	-	-	-	-	-	-	-	-	-	-	-	-	66,245,275		66,245,275
Total Noncurrent Other Assets	475,730	381,704	1,437,529	258,751	24,434	536,246	201,126	229,829	473,105	-	-	4,018,454	139,709,242	-	143,727,696
Land and land improvements	-	-	2,484,121	246,400	214,040	737,559	446,598	325,892	514,977	-	-	4,969,587	72,099,295	-	77,068,882
Construction in progress	-	-	205,126	-	-	-	-	-	-	7,342,618	-	7,547,744	1,171,679	-	8,719,423
Buildings and improvements	-	5,809,890	14,070,978	4,605,181	2,696,247	5,892,570	3,167,406	5,111,878	5,457,783	-	-	46,811,933	148,110,996	-	194,922,929
Equipment	-	123,250	391,796	247,303	302,898	344,551	21,592	142,512	173,023	-	-	1,746,925	15,047	-	1,761,972
Right-to-use asset	-	-	9,447	-	843,415	-	-	-	-	7,025	-	859,887	1,006,606	-	1,866,493
Accumulated depreciation and amortization	-	(3,543,863)	(13,781,184)	(3,041,525)	(2,072,315)	(3,873,423)	(2,074,833)	(5,187,179)	(2,847,592)	-	-	(36,421,914)	(107,731,545)	-	(144,153,459)
Total Capital Assets	-	2,389,277	3,380,284	2,057,359	1,984,285	3,101,257	1,560,763	393,103	3,298,191	7,349,643	-	25,514,162	114,672,078	-	140,186,240
Total Noncurrent Assets	475,730	2,770,981	4,817,813	2,316,110	2,008,719	3,637,503	1,761,889	622,932	3,771,296	7,349,643	-	29,532,616	254,381,320	-	283,913,936
Total Assets	3,580,346	3,864,360	11,151,483	2,939,729	2,522,586	4,193,554	2,208,737	1,392,044	4,119,326	7,352,215	-	43,324,380	356,585,420	(1,698,712)	398,211,088

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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,424,450	$ -	$ 11,424,450
LIABILITIES AND NET POSITION															
Current Liabilities:															
Accounts payable and accrued liabilities	327,658	79,982	154,331	61,585	16,822	18,625	13,914	37,367	10,910	3,751,142	-	4,472,336	3,094,278	-	7,566,614
Deposits held in trust	51,861	27,009	160,003	24,526	10,648	27,339	6,479	14,983	29,329	-	-	352,177	1,781,984	-	2,134,161
Unearned revenue	32,464	75,339	71,569		4,303	44,039	32,022	31,854	45,861	-	-	337,451	1,247,789	-	1,585,240
Interfund payables	-	303,884	-	314,730	125,808	778,862	-		175,428	-	-	1,698,712	-	(1,698,712)	-
Other current liabilities	5,559	14,280	-	124,311	14,289	45,432	-	66,707	-	92,219	-	362,797	363,582	-	726,379
Lease and SBITA liability	-	-	3,542	-	761,794	-	-	-	-	1,001	-	766,337	193,844	-	960,181
Loans, notes, and bonds payable, net	365,000	-	107,811	-	-	-	-	33,313	75,141	-	-	581,265	3,704,479	-	4,285,744
Total Current Liabilities	782,542	500,494	497,256	525,152	933,664	914,297	52,415	184,224	336,669	3,844,362	-	8,571,075	10,385,956	(1,698,712)	17,258,319
Noncurrent Liabilities:															
Loans, notes, and bonds payable, net	1,265,000	2,647,419	279,787	905,099	1,227,133	3,030,526	778,156	1,499,116	1,116,088	-	-	12,748,324	80,762,578	-	93,510,902
Lease and SBITA liability	-	-	913	-	129,621	-	-	-	-	8,596	-	139,130	624,098	-	763,228
Net pension liability	-	-	-	-	-	-	-	-	-	-	-	-	25,414,783	-	25,414,783
Net OPEB liability	-	-	-	-	-	-	-	-	-	-	-	-	149,165	-	149,165
Other noncurrent liabilities	-	1,346,184	-	667,049	1,184,985	1,393,287	-	486,424	171,325	-	-	5,249,254	-	-	5,249,254
Total Noncurrent Liabilities	1,265,000	3,993,603	280,700	1,572,148	2,541,739	4,423,813	778,156	1,985,540	1,287,413	8,596	-	18,136,708	106,950,624	-	125,087,332
Total Liabilities	2,047,542	4,494,097	777,956	2,097,300	3,475,403	5,338,110	830,571	2,169,764	1,624,082	3,852,958	-	26,707,783	117,336,580	(1,698,712)	142,345,651
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	-	27,234,049	-	27,234,049
Net Position (Deficit):															
Net investment in capital assets	-	(258,142)	2,992,686	1,152,260	757,152	70,731	782,607	(1,139,326)	2,106,962	7,349,643	-	13,814,573	113,317,766	-	127,132,339
Restricted	2,052,881	387,275	1,463,452	311,577	28,814	548,202	207,131	233,998	484,660	-	-	5,717,990	34,785,424	-	40,503,414
Unrestricted	(520,077)	(758,870)	5,917,389	(621,408)	(1,738,783)	(1,763,489)	388,428	127,608	(96,378)	(3,850,386)	-	(2,915,966)	75,336,051	-	72,420,085
Total Net Position (Deficit)	$ 1,532,804	$ (629,737)	$ 10,373,527	$ 842,429	$ (952,817)	$ (1,144,556)	$ 1,378,166	$ (777,720)	$ 2,495,244	$ 3,499,257	$ -	$ 16,616,597	$ 223,439,241	$ -	$ 240,055,838

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	$ 951,404	$ 575,566	$ 2,197,155	$ 571,139	$ 249,218	$ 610,789	$ 220,872	$ 499,812	$ 590,403	$ -	$ -	$ 6,466,358	$ 26,642,875	$ -	$ 33,109,233
Other	7,912	34,573	517,308	144,402	1,652	61,599	30,112	30,969	52,560	-	-	881,087	3,656,345	(238,110)	4,299,322
Total Operating Revenues	959,316	610,139	2,714,463	715,541	250,870	672,388	250,984	530,781	642,963	-	-	7,347,445	30,299,220	(238,110)	37,408,555
Operating Expenses:															
Personnel services	268,597	116,774	339,490	83,007	24,712	93,615	18,032	148,175	108,518	-	(331,199)	869,721	11,170,086	-	12,039,807
Contractual services	-	-	648,427	81,876	33,524	20,998	26,001	20,496	21,225	-	-	852,547	65,003	-	917,550
Utilities	137,586	90,329	434,328	183,546	863	15,853	54,529	88,449	5,684	-	-	1,011,167	4,989,100	-	6,000,267
Repairs and maintenance	193,617	156,954	65,009	308,314	94,506	227,527	68,387	182,007	209,246	-	-	1,505,567	7,167,083	-	8,672,650
Other supplies and expenses	321,826	190,369	571,865	299,724	66,883	191,016	52,413	112,832	258,777	-	-	2,065,705	6,564,961	(1,311,375)	7,319,291
Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-	-	64,115,641	(1,773,710)	62,341,931
Depreciation and amortization	-	178,127	85,777	129,609	70,616	175,716	82,335	170,965	151,512	-	-	1,044,657	3,411,894	-	4,456,551
Total Operating Expenses	921,626	732,553	2,144,896	1,086,076	291,104	724,725	301,697	722,924	754,962	-	(331,199)	7,349,364	97,483,768	(3,085,085)	101,748,047
Operating Income (Loss)	37,690	(122,414)	569,567	(370,535)	(40,234)	(52,337)	(50,713)	(192,143)	(111,999)	-	331,199	(1,919)	(67,184,548)	2,846,975	(64,339,492)
Nonoperating Revenues (Expenses):															
Intergovernmental revenue	52,536	79,116	889,633	332,971	-	67,127	61,248	194,432	96,647	3,500,000	-	5,273,710	89,240,966	(1,773,710)	92,740,966
Interest revenue	98,588	7,590	56,234	-	(10,194)	6,999	2,939	4,826	5,496	-	-	172,478	2,643,189	-	2,815,667
Contribution from County	-	-	-	-	-		-		-	-	-	-	35,429,608	-	35,429,608
Contribution to County	-	-	-	-	-	-	-	-	-	-	-	-	(6,921,662)	-	(6,921,662)
Interfund transfer	-	-	14,364	13,584	893,797	(27,704)	255,386	(35,004)	(41,158)	-	-	1,073,265	-	(1,073,265)	-
Interest expense	(111,326)	(75,702)	(25,047)	(44,159)	(49,085)	(118,518)	(321,131)	(57,611)	(104,215)	-	-	(906,794)	(58,709)	-	(965,503)
Total Nonoperating Revenues (Expenses), net	39,798	11,004	935,184	302,396	834,518	(72,096)	(1,558)	106,643	(43,230)	3,500,000	-	5,612,659	120,333,392	(2,846,975)	123,099,076
Change in net position	77,488	(111,410)	1,504,751	(68,139)	794,284	(124,433)	(52,271)	(85,500)	(155,229)	3,500,000	331,199	5,610,740	53,148,844	-	58,759,584
Net position (deficit), beginning 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)	(331,199)	11,005,857	170,290,397	-	181,296,254
Net position (deficit), end of year	$ 1,532,804	$ (629,737)	$ 10,373,527	$ 842,429	$ (952,817)	$ (1,144,556)	$ 1,378,166	$ (777,720)	$ 2,495,244	$ 3,499,257	$ -	$ 16,616,597	$ 223,439,241	$ -	$ 240,055,838

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	$ 952,131	$ 551,287	$ 2,263,320	$ 560,053	$ 252,715	$ 631,735	$ 227,394	$ 509,501	$ 538,592	$ (2,572)	$ -	$ 6,484,156	$ 28,900,195	$ -	$ 35,384,351
Cash received for other services/fees	7,912	34,573	517,308	144,402	1,652	61,599	30,112	30,969	52,560	-	-	881,087	3,656,351	(238,110)	4,299,328
Payments to employees for services	(294,224)	(116,774)	(339,490)	(83,007)	(24,712)	(93,615)	(18,031)	(148,175)	(108,518)	-	-	(1,226,546)	(12,511,786)	-	(13,738,332)
Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-	-	(64,115,641)	1,773,710	(62,341,931)
Payments to suppliers for goods and services	(673,642)	(460,520)	(1,708,744)	(1,097,558)	(183,392)	(541,950)	(276,638)	(407,826)	(494,882)	3,817,041	-	(2,028,111)	(19,157,837)	238,110	(20,947,838)
Net cash flows from operating activities	(7,823)	8,566	732,394	(476,110)	46,263	57,769	(37,163)	(15,531)	(12,248)	3,814,469	-	4,110,586	(63,228,718)	1,773,710	(57,344,422)
Cash flows from noncapital financing activities:															
Intergovernmental revenues received	52,536	79,116	889,633	346,555	893,797	39,423	316,634	194,432	55,489	3,500,000	-	6,367,615	89,166,590	(1,773,710)	93,760,495
Interfund activity	-	(55,372)	-	45,581	23,699	(97,791)	-	-	90,306	(2,697,808)	-	(2,691,385)	2,691,385	-	-
Contribution to (from) County	-	-	-	-	-	-	-	-	-	-	-	-	(5,839,092)	-	(5,839,092)
Net cash flows from noncapital financing activities	52,536	23,744	889,633	392,136	917,496	(58,368)	316,634	194,432	145,795	802,192	-	3,676,230	86,018,883	(1,773,710)	87,921,403
Cash flows from capital financing activities:															
Purchase of capital assets	-	-	(121,408)	(19,480)	(847,442)	-	-	-	-	(4,626,258)	-	(5,614,588)	(9,075,263)	-	(14,689,851)
Interest/finance cost paid	(111,326)	(19,475)	(25,047)	58,840	7,812	(57,336)	(321,132)	(37,289)	(95,502)	-	-	(600,455)	(98,369)	-	(698,824)
Lease income	-	-	-	-	-	-	-	-	(71,207)	-	-	(71,207)	138,209	-	67,002
Debt principal paid	(345,000)	-	(96,931)	(2,168)	-	4,128	-	(30,569)	-	9,597	-	(460,943)	(1,776,565)	-	(2,237,508)
Net cash flows from financing activities	(456,326)	(19,475)	(243,386)	37,192	(839,630)	(53,208)	(321,132)	(67,858)	(166,709)	(4,616,661)	-	(6,747,193)	(10,811,988)	-	(17,559,181)
Cash flows from investing activities:															
Receipt of loans and advances repayments	-	-	-	-	-	-	-	-	-	-	-	-	18,810	-	18,810
Maturity of investments	482,318	-	-	-	-	-	-	-	-	-	-	482,318	-	-	482,318
Acquisition of investments	-	-	-	-	-	-	-	-	-	-	-	-	1,886,000	-	1,886,000
Interest on investments	98,588	7,590	56,234	-	(10,194)	6,999	2,939	4,826	5,496	-	-	172,478	2,682,847	-	2,855,325
Net cash flows from investing activities	580,906	7,590	56,234	-	(10,194)	6,999	2,939	4,826	5,496	-	-	654,796	4,587,657	-	5,242,453
Net change in cash and cash equivalents	169,293	20,425	1,434,875	(46,782)	113,935	(46,808)	(38,722)	115,869	(27,666)	-	-	1,694,419	16,565,834	-	18,260,253
Cash and cash equivalents, beginning of year, as restated (Note 15)	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
Cash and cash equivalents, end of year	$ 3,530,492	$ 1,383,541	$ 7,626,979	$ 508,586	$ 527,362	$ 974,878	$ 605,690	$ 954,458	$ 777,573	$ -	$ -	$ 16,889,559	$ 112,903,166	$ -	$ 129,792,725

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)	$ 37,690	$ (122,414)	$ 569,567	$ (370,535)	$ (40,234)	$ (52,337)	$ (50,713)	$ (192,143)	$ (111,999)	$ -	$ 331,199	$ (1,919)	$ (67,184,548)	$ 2,846,975	$ (64,339,492)
Depreciation	-	178,127	85,777	129,609	70,616	175,716	82,335	170,965	151,512	-	-	1,044,657	3,411,894	-	4,456,551
Provision for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-	176,970	(1,073,265)	(896,295)
(Increase) decrease in accounts receivable	(1,541)	(24,279)	38,878	(11,086)	1,796	81	(19,782)	576	(25,523)	(2,572)	-	(43,452)	1,645,185	-	1,601,733
(Increase) decrease in prepaid items and other assets	(339)	4,220	(24,131)	(186,247)	-	(21,466)	6,510	7,143	162,872	2,470	-	(48,968)	103,089	-	54,121
(Increase) decrease in net pension liability and											-	-			
related outflows/inflows	-	-	-	-	-	-	-	-	-	-	(331,199)	(331,199)	(986,819)	-	(1,318,018)
(Increase) decrease in net OPEB asset/liability and related outflows/inflows	-	-	-	-	-	-	-	-	-	-	-	-	(72,305)	-	(72,305)
Increase (decrease) in accounts payable and accrued liabilities	(37,146)	(30,031)	51,194	(37,702)	12,189	(65,384)	(74,355)	(8,964)	(164,008)	3,814,571	-	3,460,364	(871,721)	-	2,588,643
Increase (decrease) in deposits held in trust	(9,094)	2,943	(16,178)	(149)	195	294	(952)	(2,221)	1,186	-	-	(23,976)	114,372	-	90,396
Increase (decrease) in deferred revenues	2,607	-	27,287	-	1,701	20,865	19,794	9,113	(26,288)	-	-	55,079	435,165	-	490,244
Net cash flows from operating activities	$ (7,823)	$ 8,566	$ 732,394	$ (476,110)	$ 46,263	$ 57,769	$ (37,163)	$ (15,531)	$ (12,248)	$ 3,814,469	$ -	$ 4,110,586	$ (63,228,718)	$ 1,773,710	$ (57,344,422)
Noncash capital activities:															
Contributions to County	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,347,039	$ -	$ 34,347,039
Loss on Sale	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (751,703)	$ -	$ (751,703)
Amortization of debt issuance costs	$ -	$ 1,561	$ -	$ -	$ 2,580	$ 4,128	$ -	$ -	$ -	$ -	$ -	$ 8,269	$ -	$ -	$ 8,269

Note 17—Discretely presented component units

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, 2022 is as follows:

	Olley Glen	Cedar Ridge	Murraygate Village	Total
ASSETS				
Current Assets:				
Cash in bank	$890,294	$2,263,309	$2,179,753	5,333,356
Restricted deposits held in trust	83,982	144,402	140,840	369,224
Accounts receivable, net of allowances	29,338	93,668	228,821	351,827
Prepaid expenses and other assets, current	7,169	219,239	48,962	275,370
Total Current Assets	1,010,783	2,720,618	2,598,376	6,329,777
Noncurrent Assets:				
Restricted cash reserves	925,565	2,362,069	1,697,661	4,985,295
Other assets, noncurrent	12,078	-	73,767	85,845
Total Other Assets	937,643	2,362,069	1,771,428	5,071,140
Land and land improvements	3,150,098	1,595,717	2,244,000	6,989,815
Buildings and improvements	14,378,060	17,476,866	16,693,092	48,548,018
Equipment	377,345	494,325	5,332,019	6,203,689
Accumulated depreciation	(7,308,673)	(7,081,610)	(2,478,651)	(16,868,934)
Total Capital Assets	10,596,830	12,485,298	21,790,460	44,872,588
Total Noncurrent Assets	11,534,473	14,847,367	23,561,888	49,943,728
Total Assets	12,545,256	17,567,985	26,160,264	56,273,505
LIABILITIES				
Current Liabilities:				
Accounts payable	10,913	94,555	81,177	186,645
Accrued interest payable	-	91,536	74,984	166,520
Deposits held in trust	43,223	99,516	106,999	249,738
Unearned revenue	-	72,919	59,749	132,668
Due to FCRHA	113,433	-	-	113,433
Other accrued liabilities	17,225			17,225
Current portion long-term debt	57,025	219,922	159,721	436,668
Total Current Liabilities	241,819	578,448	482,630	1,302,897
Noncurrent Liabilities:				
Noncurrent portion long-term debt, net	13,230,429	12,146,072	22,450,110	47,826,611
Other noncurrent liabilities	4,700,958	791,037	-	5,491,995
Total Noncurrent Liabilities	17,931,387	12,937,109	22,450,110	53,318,606
Total Liabilities	18,173,206	13,515,557	22,932,740	54,621,503
NET POSITION (DEFICIT)				
Net investment in capital assets	(2,690,624)	119,304	(819,371)	(3,390,691)
Restricted net position	966,324	2,406,955	1,731,502	5,104,781
Unrestricted net position (deficit)	(3,903,650)	1,526,169	2,315,393	(62,088)
Total Net Position (Deficit)	$ (5,627,950)	$ 4,052,428	$ 3,227,524	$ 1,652,002

Note 17—Related party transactions (continued)

	Olley Glen	Cedar Ridge	Murraygate Village	Total
Operating Revenue:				
Rental	$ 988,871	$ 1,105,495	$ 2,114,728	$ 4,209,094
Other	111,479	328,102	245,272	684,853
Total Operating Revenue	1,100,350	1,433,597	2,360,000	4,893,947
Operating Expenses:				
Personnel services	167,378	195,585	294,300	657,263
Contractual services		306,810	191,300	498,110
Utilities	119,516	242,163	234,791	596,470
Repairs and maintenance	321,624	70,845	64,524	456,993
Other supplies and expenses	236,314	871,943	763,592	1,871,849
Depreciation and amortization	573,372	459,198	1,020,238	2,052,808
Total Operating Expenses	1,418,204	2,146,544	2,568,745	6,133,493
Operating Loss	(317,854)	(712,947)	(208,745)	(1,239,546)
Nonoperating Revenues (Expenses):				
Intergovernmental revenue	112,299	1,460,058	540,059	2,112,416
Contribution from General Partner	-	-	1,141,602	1,141,602
Interest income	14,297	9,087	36,757	60,141
Interest expense	(806,383)	(801,494)	(848,759)	(2,456,636)
Total Nonoperating Revenues (Expenses), net	(679,787)	667,651	869,659	857,523
Change in net position	(997,641)	(45,296)	660,914	(382,023)
Net position (deficit), beginning of year	(4,630,309)	4,097,724	2,566,610	2,034,025
Net position (deficit), end of year	$ (5,627,950)	$ 4,052,428	$ 3,227,524	$ 1,652,002

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, 2023

	2023	2022	2021	2020	2019
Authority's proportion of net pension liability	1.3522%	1.6408%	1.6807%	1.5733%	1.7116%
Authority's proportionate share of net pension liability	$ 25,414,783	$ 19,420,648	$ 29,262,385	$ 26,588,797	$ 28,246,002
Authority's covered payroll	$ 10,727,410	$ 13,187,302	$ 13,320,395	$ 12,229,263	$ 12,762,566
Authority's proportionate share of net pension liability as a percentage of its covered payroll	236.9%	147.3%	219.7%	217.4%	221.3%
Plan fiduciary net position as a percentage of total pension liability	72.1%	81.3%	69.5%	70.8%	70.5%

	2018	2017	2016	2015
Authority's proportion of net pension liability	1.6624%	1.6146%	1.6215%	1.6799%
Authority's proportionate share of net pension liability	$ 26,903,629	$ 24,644,244	$ 20,857,233	$ 17,501,779
Authority's covered payroll	$ 12,145,800	$ 12,145,800	$ 11,438,081	$ 11,282,166
Authority's proportionate share of net pension liability as a percentage of its covered payroll	221.5%	202.9%	182.3%	155.1%
Plan fiduciary net position as a percentage of total pension liability	69.9%	70.2%	74.2%	78.3%

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

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

JUNE 30, 2023

	2023	2022	2021	2020	2019
Actuarial determined contributions	$ 3,756,086	$ 3,098,076	$ 3,738,600	$ 3,776,332	$ 3,319,022
Contributions in relation to the actuarial determined contribution	$ 3,756,086	$ 3,098,076	$ 3,738,600	$ 3,776,332	$ 3,319,022
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 13,005,838	$ 10,727,410	$ 13,187,302	$ 13,320,395	$ 12,229,263
Contributions as a percentage of covered payroll	28.9%	28.9%	28.4%	28.4%	27.1%

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

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

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

JUNE 30, 2023

	2023	2022	2021
Authority's proportion of the net OPEB liability	1.81%	1.66%	1.67%
Authority's proportionate share of the net OPEB (asset) liability	$ 149,165	$ (698,638)	$ 291,271
Authority's covered employee payroll	$ 18,599,108	$ 17,049,926	$ 16,058,002
Authority's proportionate share of the net OPEB liability as a percentage of covered employee payroll	0.80%	-4.10%	1.81%
Plan fiduciary net position as a percentage of the total OPEB liability	97.89%	111.02%	94.99%

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

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

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

JUNE 30, 2023

	Fiscal Year Ending 2023	Fiscal Year Ending 2022	Fiscal Year Ending 2021	Fiscal Year Ending 2020
Actuarial determined contribution	$ 126	$ 215	$ 313	$ 271
Contributions made in relation to the actuarial determined contribution	208	344	300	329
Contribution deficiency (excess)	(82)	(129)	13	(58)
Covered employee payroll	14,564	18,599	17,050	16,058
Contributions as a percentage of payroll	1.43%	1.85%	1.76%	2.05%

	Fiscal Year Ending 2019	Fiscal Year Ending 2018	Fiscal Year Ending 2017
Actuarial determined contribution	$ 385	$ 412	$ 375
Contributions made in relation to the actuarial determined contribution	434	463	518
Contribution deficiency (excess)	(49)	(51)	(143)
Covered employee payroll	15,764	17,322	16,805
Contributions as a percentage of payroll	2.75%	2.67%	3.08%

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

Cherry Bekaert
Your Guide Forward

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* (the "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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 1, 2023. 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 one of the discretely presented component units (Olley Glen) were not audited in accordance with *Government Auditing Standards*.

Report on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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*. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under the Specifications and which is described in the accompany Schedule of Finding and Response as item 2023-001.

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 was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Cherry Bekaert LLP

Tysons Corner, Virginia
December 1, 2023

1) Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	**Unmodified**
Internal control over financial reporting:	
Material weaknesses identified:	**No**
Significant deficiencies identified:	**None**
Noncompliance material to the financial statements noted?	**No**

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

None.

3) Finding Related to Financial Statements Reported in Accordance with the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia

2023-001: Non-material Noncompliance – Statement of Economic Interest (the "SOEI")

Compliance Requirement: Section 2-8 of the *Specifications for Audits of Authorities, Boards, and Commissions* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Type of Finding: Non-material noncompliance.

Criteria: Section 2.2-3115 of the Code of Virginia requires local officials to file a Statement of Economic Interest, Real Estate Disclosure Form, or Financial Disclosure Statement, as applicable, with the clerk of the governing body by February 1st or prior to assuming office or taking employment to disclose personal financial interests that may cause conflicts. Additionally, the Virginia Conflict of Interest and Ethics Advisory Councill requires that the local official may not sign, date, or submit a disclosure form for the regular annual filing period prior to January 1st each year.

Condition: Two (2) members of the Fairfax County Redevelopment and Housing Authority's (the "FCRHA") Board of Commissioners (the "Board") did not file a required form prior to assuming office during the year ended June 30, 2023.

Cause: Failure of the Board members to comply with the obligation to complete and submit the SOEI, despite being directed to do so and reminded of the requirement by the Clerk to the County Board of Supervisors.

Effect: Noncompliance may result in a penalty imposed on the Board member.

Recommendation: Local government officials should complete the Statement of Economic Interests, Real Estate Disclosure Forms, or Financial Disclosure Statement, as applicable, in accordance with prescribed requirements.

Views of Responsible Officials and Planned Corrective Action:

FCRHA Commissioners are appointed by the Fairfax County Board of Supervisors, and the Department of Housing and Community Development ("HCD") has no interaction with new Commissioners before they are appointed to the FCRHA. HCD has no control over who is appointed to the FCRHA. Thus, HCD is not able to ensure that new Commissioners complete the Statement of Economic Interest Form prior to their appointments. However, if the assumption of office is considered to be the date when the Commissioner is appointed to the FCRHA, HCD will share this information with the Clerk to the Board of Supervisors, so they can coordinate with new FCRHA Commissioners prior to their appointments. Going forward, rather than the new Commissioners sending the completed forms directly to the Clerk, HCD will collect the forms and will check the completeness and accuracy of the forms before they can participate in any FCRHA board meetings. HCD will then send the forms to the Clerk to the Board of Supervisors.