FAIRFAX COUNTY REDEVELOPMENT
AND HOUSING AUTHORITY
LITTLE RIVER GLEN LIMITED PARTNERSHIP
(Project No. 003993)

FINANCIAL STATEMENTS
June 30, 2013

TABLE OF CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 3

FINANCIAL STATEMENTS

Statement of Net Position 7
Statement of Revenues, Expenses, and Changes in Net Position 8
Statement of Cash Flows 9

Notes to Financial Statements 10

INDEPENDENT AUDITOR'S REPORT 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* 16

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

CliftonLarsonAllen

Independent Auditor's Report

The Board of Supervisors
County of Fairfax, Virginia

The Board of Commissioners
Fairfax County Redevelopment and Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Little River Glen Limited Partnership (the Partnership), which comprises the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of June 30, 2013, and its changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2013, on our consideration of the Partnership'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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 Partnership's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Baltimore, Maryland
September 19, 2013

LITTLE RIVER GLEN LIMITED PARTNERSHIP
(Project No. 003993)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Introduction

The Fairfax County Redevelopment and Housing Authority (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 as well as towns, cities and counties with which it has cooperation agreements. The Fairfax County Board of Supervisors created the Department of Housing and Community Development (DHCD) 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-to-moderate income residents.

The FCRHA presents this discussion and analysis of its rental program – Little River Glen Limited Partnership (Project No. 003993) (the Partnership) for the fiscal year ended June 30, 2013 to assist the reader in focusing on significant financial issues of the Partnership. The Partnership, which was formed as the Little River Glen Limited Partnership in August 1996, is a 120 unit residential housing and community center facility for the elderly that is operated by the FCRHA.

Partnership's Financial Highlights for Fiscal Year 2013 (FY 2013)

In summary, the Partnership's FY 2013 financial highlights included the following:

- At June 30, 2013, total assets and liabilities were approximately $5.30 million and $4.64 million, respectively. Total net position was approximately $0.66 million.

- Total revenues and expenses were approximately $2.20 million and $2.47 million, respectively; thus total net position decreased by $271,427.

- Cash flows from operating activities amounted to ($495,880). After considering investing, noncapital financing, and capital and related financing activities, total cash decreased by $45,531.

Partnership Financial Statements

This management discussion and analysis presents the Partnership's financial results in three financial statements – the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The FY 2013 financial results are compared to those of FY 2012, thus allowing the readers to ascertain the reasons for changes in expenses, revenues, or net position balances. 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 Partnership's FY 2013 and FY 2012 statements of net position report all financial and capital assets of the Partnership and are presented in a format where assets, minus liabilities, equal net position. The following table reflects a condensed summary of net position as of June 30, 2013 and 2012.

Table 1
Summary of Net Position

	2013	2012	Increase (Decrease)
Current and restricted assets	$ 2,623,308	$ 2,670,668	$ (47,360)
Capital assets	2,675,902	3,036,736	(360,834)
Total assets	5,299,210	5,707,404	(408,194)
Current liabilities	492,849	452,823	40,026
Non-current liabilities	4,145,857	4,322,650	(176,793)
Total liabilities	4,638,706	4,775,473	(136,767)
Net position:			
Net investment in capital assets	(1,619,098)	(1,448,264)	(170,834)
Restricted	1,374,992	1,263,639	111,353
Unrestricted (deficit)	904,610	1,116,556	(211,946)
Total net position	$ 660,504	$ 931,931	$ (271,427)

The Partnership's net position decreased by $271,427 in FY 2013 compared to a decrease of $166,405 in FY 2012. This decrease in the change in net position was primarily due to a large building maintenance project during the year.

Capital Assets and Debt Administration

Capital assets. The Partnership's capital assets as of June 30, 2013 include land, buildings and improvements, and furniture and equipment that totaled $2,675,902, net of accumulated depreciation of $8,291,782. For further details, see Note 2, Capital Assets.

Long-term debt. Bonds payable for the Partnership at June 30, 2013 represent Federal Housing Administration (FHA)-insured mortgage revenue bonds with an original principal balance amount of $6,340,000 and interest rates which vary between 4.65% and 6.10% with final payment due September 1, 2026. During FY 2013, the Partnership made its required principal payments on the outstanding bonds of $190,000. The Partnership's capital assets are pledged as security for the bonds. For further details, see Note 3, Bonds Payable.

Summary of Revenues, Expenses, and Changes in Net Position

The Partnership's FY 2013 and FY 2012 Statements of Revenues, Expenses, and Changes in Net Position include operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenue and expenses, such as County intergovernmental revenues, investment income, and interest expense. In FY 2013, the Partnership experienced a decrease in net position of $271,427. Table 2 presents a condensed summary of data from the Partnership's Statements of Revenues, Expenses, and Changes in Net Position.

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

	2013	2012	Increase (Decrease)
Revenues:			
Operating revenues	$ 1,286,668	$ 1,252,547	$ 34,121
Non-operating revenues	909,963	281,686	628,277
Total revenues	2,196,631	1,534,233	662,398
Expenses:			
Operating expenses	2,202,212	1,423,786	778,426
Non-operating expenses	265,846	276,852	(11,006)
Total expenses	2,468,058	1,700,638	767,420
Change in net position	(271,427)	(166,405)	(105,022)
Total net position, beginning of year	931,931	1,098,336	(166,405)
Total net position, end of year	$ 660,504	$ 931,931	$ (271,427)

There was an increase in the Partnership's total revenues of $662,398, which was primarily due to increases in intergovernmental revenues and rental income. In addition, there was an increase of $778,426 in the Partnership's operating expenses, which was primarily due to an increase in building maintenance and personnel expenses.

Contacting FCRHA Management

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

FINANCIAL STATEMENTS

LITTLE RIVER GLEN LIMITED PARTNERSHIP
(Project No. 003993)
STATEMENT OF NET POSITION
June 30, 2013

ASSETS

CURRENT ASSETS	
Cash on deposit with County of Fairfax, Virginia	$ 1,248,048
Accrued interest receivable	268
Total current assets	1,248,316
RESTRICTED ASSETS	
Deposits held in trust	57,611
Cash with fiscal agent	1,317,381
Total restricted assets	1,374,992
CAPITAL ASSETS (note 2)	
Nondepreciable:	
Land	1,035,634
Depreciable:	
Buildings and improvements	9,922,950
Equipment	9,100
Accumulated depreciation	(8,291,782)
Total capital assets, net	2,675,902
TOTAL ASSETS	$ 5,299,210

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable and accrued liabilities	$ 117,894
Deposits held in trust	57,611
Unearned revenue	52,274
Accrued compensated absences	65,070
Bond payable, current portion (note 3)	200,000
Total current liabilities	492,849
LONG-TERM LIABILITIES	
Accrued compensated absences (note 4)	50,857
Bond payable, less current portion (note 3)	4,095,000
Total long-term liabilities	4,145,857
Total liabilities	4,638,706
NET POSITION	
Net investment in capital assets	(1,619,098)
Restricted net position	1,374,992
Unrestricted net position	904,610
Total net position	660,504
TOTAL LIABILITIES AND NET POSITION	$ 5,299,210

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

LITTLE RIVER GLEN LIMITED PARTNERSHIP
(Project No. 003993)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2013

OPERATING REVENUES	
Dwelling rentals	$ 1,283,383
Other	3,285
Total operating revenues	1,286,668
OPERATING EXPENSES	
Personnel services	775,863
Utilities	123,349
Repairs and maintenance	899,979
Administrative expenses	42,187
Depreciation	360,834
Total operating expenses	2,202,212
Operating loss	(915,544)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenues	888,237
Interest revenue	21,726
Interest expense	(265,846)
Total nonoperating income, net	644,117
CHANGE IN NET POSITION	(271,427)
TOTAL NET POSITION, BEGINNING OF YEAR	931,931
TOTAL NET POSITION, END OF YEAR	$ 660,504

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

LITTLE RIVER GLEN LIMITED PARTNERSHIP
(Project No. 003993)
STATEMENT OF CASH FLOWS
Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	$ 1,278,442
Other operating cash receipts	3,285
Payment to employees for services	(717,304)
Payments to suppliers for goods and services	(1,059,067)
Net changes in deposit held in trust	(1,236)
Net cash used in operating activities	(495,880)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental revenues received	888,237
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Bond interest payments	(269,614)
Bond principal payment	(190,000)
Net cash used in capital and related financing activities	(459,614)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	21,726
NET DECREASE IN CASH	(45,531)
CASH, BEGINNING OF YEAR	2,668,571
CASH, END OF YEAR	$ 2,623,040
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	$ (915,544)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Depreciation	360,834
Effects of changes in operating assets and liabilities:	
Accounts receivable	1,829
Accounts payable and accrued liabilities	13,970
Accrued compensated absences	51,037
Deposit held in trust	(1,236)
Unearned revenue	(6,770)
NET CASH USED IN OPERATING ACTIVITIES	$ (495,880)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Little River Glen Limited Partnership (the Partnership) was formed in August 1996 as a limited partnership under the laws of the Commonwealth of Virginia for the purpose of acquiring, managing, and financing the Little River Glen Project No. 003993 (the Project). The Project is a 120 unit residential housing and community center facility for the elderly that is operated by the Fairfax County Redevelopment and Housing Authority (the Authority). The Authority controls both the general partnership and limited partnership interest in the Partnership. The facility serves low-to-moderate income elderly persons who are able to live independently and have attained at least 62 years of age.

The accompanying financial statements present only the financial position, changes in financial position, and cash flows of the Partnership and are not intended to present fairly the financial position, changes in financial position, and cash flows of the Authority as a whole in conformity with U.S. generally accepted accounting principles (GAAP).

The accounting policies of the Partnership conform to GAAP as applicable to proprietary fund types of governmental units. The following is a summary of the Partnership's more significant accounting policies.

Measurement Focus and Basis of Accounting

The activities of the Partnership 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. The Partnership is required to follow all statements of the Governmental Accounting Standards Board (GASB). GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued to incorporate FASB and AICPA guidance into GASB authoritative literature. For purposes of external financial reporting in accordance with GAAP, the Partnership is following the reporting guidance set forth in GAAP for "departmental" financial statements.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 on Deposit with County of Fairfax, Virginia

Partnership cash is maintained within the treasury of the County of Fairfax, Virginia (the County). To optimize investment returns, the Partnership funds are invested together with all other County pooled funds, all of which are fully insured and collateralized. The County allocates investment income to the Partnership based on its average cash balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash with Fiscal Agent and Deposits Held in Trust

According to the terms of the indenture related to the bonds payable discussed in Note 3, the Partnership is required to maintain funds to service the bonds in an interest-bearing debt service reserve fund. This amount and the interest earned on the reserve fund in addition to other various reserves are reflected as cash with fiscal agent in the accompanying Statement of Net Position and are fully insured and collateralized.

Deposits held in trust reflect amounts collected as security deposits from tenants, as well as accrued interest on these deposits. These deposits are fully insured.

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the Partnership may not recover its deposits. In accordance with the Virginia Security for Public Deposits Act (Act), all of the Partnership'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 Partnership will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Per policy, all of the investments purchased by the Partnership are insured or registered or are securities held by the Partnership or its agent in the Partnership's name.

Foreign Currency Risk

The Partnership's cash is limited to U.S. dollar denominated instruments.

Cash Flow Presentation

Cash for purposes of reporting cash flows includes cash on deposit with the County, deposits held in trust and cash with fiscal agent.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 estimated fair value when donated. Capital assets are defined by the Authority as assets with an initial individual cost of more than $5,000 and an estimated useful life of more than one year. Capital assets are recorded at cost when purchased and at fair market value when donated. 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 5 to 28 years.

Revenue Recognition

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned.

Intergovernmental revenues are recognized in the period in which all grant requirements are satisfied, which is typically when the Partnership has expended the funds on allowable costs. Grant funds received in advance of satisfying all requirements are recorded as unearned revenue.

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 employee's 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. Accumulated vacation is recorded as an expense and an accrued liability as the benefits accrue to employees. The liability calculations include an accrual at the current rate for ancillary salary-related payments (e.g., employer's share of social security taxes).

Operating Revenues and Expenses

The Partnership's policy is to report all Project revenues and expenses as operating with the exception of interest income, interest expense and operating transfers from Fairfax County.

New Accounting Pronouncements

In fiscal year 2013, the Partnership implemented GASB Statement Nos. 61, 62, 63 and 65 as follows:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 34* modifies certain requirements for inclusion of component units in the financial reporting entity. This includes the concept of financial burden or benefit on the relationship between the primary government and the component unit. The implementation of this new standard had no impact on the Partnership's 2013 financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporates into GASB authoritative literature certain accounting and financial reporting guidance previously included in FASB, APB, and AICPA guidance issued before November 30, 1989. The implementation of this new standard modified certain language in disclosures related to the applicable basis of accounting in the Partnership's 2013 financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* revised the financial reporting for elements of the financial statements as a consumption or acquisition of net assets that are applicable to the future reporting period. These items are distinct from assets and liabilities. This statement also identifies net position. The implementation of this new standard revised the presentation in the financial statements for those items identified as deferred outflows and inflows and revised the names of the statements presented and certain classifications within those statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (deferred outflows) or inflows of resources (deferred inflows). This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated - land	$ 1,035,634	$ -	$ -	$ 1,035,634
Capital assets being depreciated:				
Buildings and improvements	9,922,950	-	-	9,922,950
Equipment	9,100	-	-	9,100
Total capital assets being depreciated	9,932,050	-	-	9,932,050
Less accumulated depreciation for:				
Buildings and improvements	7,921,848	360,834	-	8,282,682
Equipment	9,100	-	-	9,100
Total accumulated depreciation	7,930,948	360,834	-	8,291,782
Total capital assets, net	$ 3,036,736	$ (360,834)	$ -	$ 2,675,902

NOTE 3 – BONDS PAYABLE

Bonds payable at June 30, 2013 represent Federal Housing Administration 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.

The Partnership's capital assets are pledged as security for the bonds. Bonds payable activity during 2013 was as follows:

Outstanding balance, beginning of year	$ 4,485,000
Less principal payments	190,000
Outstanding balance, end of year	$ 4,295,000

The aggregate amount of the required principal and interest payments on the bonds as of June 30, 2013 is $6,447,581 and is due as follows:

	Principal	Interest
Year ending June 30:		
2014	$ 200,000	$ 258,161
2015	215,000	246,086
2016	225,000	233,036
2017	240,000	219,236
2018	255,000	204,503
2019-2023	1,530,000	765,705
2024-2026	1,630,000	225,854
Total	$ 4,295,000	$ 2,152,581

NOTE 4 – CHANGES IN COMPENSATED ABSENCES PAYABLE

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Compensated absences payable	$ 64,890	$ 88,277	$ (37,240)	$ 115,927	$ 65,070

NOTE 5 – INTERGOVERNMENTAL REVENUES FROM THE COUNTY OF FAIRFAX, VIRGINIA

The County Board of Supervisors appoints the Commissioners of the Authority. During the fiscal year ended June 30, 2013, the County disbursed funds to the Partnership amounting to $261,739 to partially fund debt service. The amount was allocated based on the pro-rata share of operating results among all FCRHA owned and operated elderly projects. The County is committed to continuing to provide funding to ensure that the Partnership meets its obligations.

NOTE 6 – RISK MANAGEMENT

The Partnership is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and citizens, and natural disasters. For all of these risks, the Partnership 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 claims settlements in excess of insurance coverage in any of the past three fiscal years. Information regarding the County's self-insurance internal service fund is available in the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS

The Fairfax County OPEB Trust Fund is a single-employer defined benefit plan administered by Fairfax County which the Authority's employees participate in. The County provides medical/dental, vision, and life insurance benefits to eligible retirees and their spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in a plan provided by the County. Retirees must have five years of service in order to participate in this program. Beginning in fiscal year 2004, the amount of monthly subsidy provided by the County is based on years of service and ranges from $30 per month to $220 per month. Retirees receiving the subsidy prior to fiscal year 2004 are grandfathered at $100 per month unless their years of service entitle them to receive a higher monthly subsidy.

In addition, the Board of Supervisors has established a program to subsidize the continuation of term life insurance, at reduced coverage amounts, for retirees. Retirees generally pay for fifty percent of their coverage amounts at age-banded premium rates, with the County incurring the balance of the cost. Benefit provisions are established and may be amended by the Board of Supervisors. The contributions to the OPEB Trust Fund are established and may be amended by the Board of Supervisors. The contributions are typically based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. GASB Statement No. 45 requires recognition of the current expense of OPEB based on each governing body's annual required contribution, but does not require funding of the related liability.

Costs and related liability, if any, are recorded by the County. The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Data concerning the ARC specifically applicable to employees of the Authority are not available. Information concerning the County's OPEB Trust Fund as a whole is available in the County's June 30, 2013 Comprehensive Annual Financial Report.

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

The Board of Supervisors
County of Fairfax, Virginia

The Board of Commissioners
Fairfax County Redevelopment and Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Little River Glen Limited Partnership (the Partnership) of the Fairfax County Redevelopment and Housing Authority (the Authority), which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Partnership's internal control over financial reporting (internal control) to determine the audit procedures that appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Partnership'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 Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Baltimore, Maryland
September 19, 2013