

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE



SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2014



HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

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Board of Supervisors
Housing Authority of the County of Riverside
Riverside, CA

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*

INDEPENDENT AUDITORS' REPORT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Riverside, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority of the County of Riverside's basic financial statements, and have issued our report thereon dated October 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the County of Riverside's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the County of Riverside's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Riverside'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 the assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a significant 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 have 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 Housing Authority of the County of Riverside's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the County of Riverside'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.



October 21, 2014



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REPORT ON COMPLIANCE ON EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITORS' REPORT

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the County of Riverside's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the County of Riverside's major federal programs for the year ended June 30, 2014. Housing Authority of the County of Riverside's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Housing Authority of the County of Riverside's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the County of Riverside's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Housing Authority of the County of Riverside's compliance.

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the County of Riverside complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Housing Authority of the County of Riverside is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Authority of the County of Riverside’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the County of Riverside’s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards by OMB Circular A-133

We have audited the financial statements of the Housing Authority of the County of Riverside as of and for the year ended June 30, 2014, and have issued our report thereon dated October 21, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedure in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.


October 21, 2014

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

FEDERAL PROGRAM	CFDA Number	Program Number	Program Expenditures
U S Department of Housing and Urban Development (HUD)			
Public Housing Assistance:			
Public and Indian Housing		CA02700105J	1,423,332
Subtotal	14.850		<u>1,423,332</u>
Public Housing Capital Fund		CA16P027 50111	155,284
Public Housing Capital Fund		CA16P027 50112	449,557
Public Housing Capital Fund		CA16P027 50113	75,879
Subtotal	14.872		<u>680,720</u>
Total Public Housing Programs			<u>2,104,052</u>
Section 8 Housing Assistance:			
Section 8 Moderate Rehabilitation		CA027MR 0004	463,357
Section 8 Moderate Rehabilitation		CA027MR 0010	135,697
Subtotal	14.856		<u>599,054</u>
Supportive Housing for Persons with Disabilities	14.181	CA027DV	293,458
Section 8 Housing Choice Voucher	14.871	CA027VO	72,830,957
Total Section 8 Housing Programs			<u>73,723,469</u>
Desert Hot Springs/Cathedral City		CA027RPS093A008	66,845
Resident Opportunity and Supportive Services	14.870		<u>66,845</u>
Total HUD Direct Funding			<u>75,894,366</u>
Passthrough Awards:			
Housing Opportunities for Persons With AIDS [1]			
	14.241	CA027 HOPWA	911,557
Emergency Solutions Grant [1] [2]			
	14.257		125,427
Shelter Plus Care [3]			
	14.238	CA027 SPC	995,172
Total Passthrough Award			<u>2,032,156</u>
Total Federal Expenditures and Awards			<u>\$ 77,926,522</u>

Passthrough from the City of Riverside. [1]
 Passthrough from the Riverside County EDA. [2]
 Passthrough from the Riverside County DPSS. [3]

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

Scope of Presentation

The accompanying schedule presents the expenditures incurred (and related awards received) by the Housing Authority of the County of Riverside (Authority) that are reimbursable under federal programs of federal agencies providing financial assistance and state awards. For the purposes of this schedule, only the portion of program expenditures reimbursable with such federal or state funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal or state reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule.

Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the County of Riverside and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Subrecipients

During the fiscal year ended June 30, 2014, the Authority disbursed a portion of the HOPWA funds to subrecipients. Below is a schedule of subrecipients for the fiscal year ended June 30, 2014.

<u>Agency Name</u>	<u>Award Amount</u>
Desert AIDS Project	\$ 177,294
Catholic Charities	35,323
Foothill AIDS Project	29,705
	<u>\$ 242,322</u>

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2014

SECTION I - Summary of Auditors' Results

Financial Statements

1. Type of Auditor Report on the financial statements: Unmodified.
2. Internal control over financial reporting:
- a. Material weakness identified yes no
 - b. Significant deficiency identified that are not considered to be material weaknesses? yes none reported
3. Noncompliance material to financial statements? yes no

Federal Awards

4. Internal control over major programs:
- a. Material weakness identified yes no
 - b. Significant deficiency identified that are not considered to be material weaknesses? yes none reported
5. Type of auditors' report on compliance for major programs: Unmodified.
6. Audit findings noted which are required to be reported under paragraph __ .510(a) of Circular A-133? yes no
7. Identification of Major Programs:
- | <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|--|
| 14.871 | U.S. Department of Housing and Urban Development – Housing Choice Voucher Program |
| 14.856 | U.S. Department of Housing and Urban Development – Section 8 Moderate Rehabilitation |
8. The Dollar Threshold Used To Distinguish Between Type A and Type B Programs: \$2,337,775.
9. Auditee qualified as a low-risk auditee? yes no

SECTION II – Financial Statement Findings

1. There are no auditor findings to be reported in accordance with GAS.

SECTION III – Federal Award Findings and Questioned Costs

1. There are no auditor findings to be reported in accordance with paragraph .510(a) of OMB Circular A-133.

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

There were no findings noted in the prior Single Audit Report (for the year ended June 30, 2013).