



CITY OF SANTA ANA, CALIFORNIA

**2014**  
**Single Audit of Federal Grants**  
**and**  
**Other Financial Information**

For the Fiscal Year Ended June 30, 2014

Prepared by  
Finance & Management Services Agency

Francisco Gutierrez  
Executive Director





CITY OF SANTA ANA, CALIFORNIA

Single Audit of Federal Grants  
and  
Other Financial Information

**Single Audit of Federal Grants and Other Financial Information**  
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**June 30, 2014**

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CITY OF SANTA ANA, CALIFORNIA

Single Audit of Federal Grants  
and  
Other Financial Information

**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 Honorable City Council of  
the City of Santa Ana, California

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Ana, California (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 11, 2014. Our report includes a reference to an emphasis of a matter regarding the resolution of amounts due to taxing entities as a result of the Due Diligence Reviews previously performed.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, professional style.

Newport Beach, California  
December 11, 2014

**Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, Schedule of Expenditures of State Awards Required by the State of California, and Housing Authority of the City of Santa Ana Financial Data Schedules Required by the U.S. Department of Housing and Urban Development**

The Honorable City Council of  
the City of Santa Ana, California

**Report on Compliance for Each Major Federal Program**

We have audited City of Santa Ana, California’s (the City) 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 the City’s major federal programs for the year ended June 30, 2014. The City’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 federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types 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 the City’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 the City’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City 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.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Management of the City 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 the City'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 the City'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 control 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



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 Required by OMB Circular A-133,  
Schedule of Expenditures of State Awards Required by the State of California, and Housing  
Authority of the City of Santa Ana Financial Data Schedules Required by the U.S. Department of  
Housing and Urban Development**

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 11, 2014, which contained unmodified opinions on those financial statements. Our report includes a reference to an emphasis of a matter regarding the resolution of amounts due to taxing entities as a result of the Due Diligence Reviews previously performed. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule of Expenditures of State Awards, and the Housing Authority of the City of Santa Ana Financial Data Schedules are presented for purposes of additional analysis as required by OMB Circular A-133, State of California and the U.S. Department of Housing and Urban Development, respectively, and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, Schedule of Expenditures of State Awards and Housing Authority of the City of Santa Ana Financial Data Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Macias Gini É O'Connell LLP*

Newport Beach, California  
March 6, 2015



CITY OF SANTA ANA, CALIFORNIA  
Single Audit of Federal Grants  
and  
Other Financial Information

CITY OF SANTA ANA, CALIFORNIA

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2014**

Federal Grantor / Pass-Through Grantor / Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Awards Expenditures	Amount Provided to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
Direct Programs:				
Community Development Block Grants/Entitlement Grants Cluster:				
Community Development Block Grants	14.218	B-11-MC-06-0508	\$ 677,573	\$ -
Community Development Block Grants	14.218	B-12-MC-06-0508	4,398,971	523,235
Community Development Block Grants	14.218	B-13-MC-06-0508	197,584	-
Neighborhood Stabilization Program 1	14.218	B-08-MN-06-0522	12,342	-
Neighborhood Stabilization Program 3	14.218	B-11-MN-06-0522	1,144,151	-
Subtotal Community Development Block Grants/Entitlement Grants Cluster			6,430,621	523,235
Emergency Solutions Grant Program	14.231	E-11-MC-06-0508	2,800	2,800
Emergency Solutions Grant Program	14.231	E-12-MC-06-0508	114,421	114,421
Emergency Solutions Grant Program	14.231	E-13-MC-06-0508	356,045	290,792
			473,266	408,013
Section 8 Housing Choice Vouchers	14.871	SF-503 Voucher	30,131,257	-
Housing Opportunities for Persons with AIDS	14.241	CA-H12-F0-06	856,598	433,423
Housing Opportunities for Persons with AIDS	14.241	CA-H13-F0-06	622,341	450,450
			1,478,939	883,873
Home Investment Partnerships Program	14.239	M-10-MC-06-0535	1,275,654	-
Home Investment Partnerships Program	14.239	M-11-MC-06-0535	1,648,223	-
Home Investment Partnerships Program	14.239	M-12-MC-06-0535	521,622	-
Home Investment Partnerships Program	14.239	M-13-MC-06-0535	762,651	-
			4,208,150	-
ARRA - Neighborhood Stabilization Program 2	ARRA-14.256	B-09-LN-CA-0047	1,031,609	-
Total U.S. Department of Housing and Urban Development			\$ 43,753,842	\$ 1,815,121
<b>U.S. Department of Labor</b>				
Passed through CA Employment Development Department:				
Workforce Investment Act Cluster:				
WIA Adult Program	17.258	K386318	\$ 454,775	\$ -
WIA Adult Program	17.258	K491039	1,018,407	-
			1,473,182	-
WIA Dislocated Workers Formula Grants	17.278	K491039	459,215	-
WIA Dislocated Workers Formula Grants (Rapid Response)	17.278	K386318	3,281	-
WIA Dislocated Workers Formula Grants (Rapid Response)	17.278	K491039	140,022	-
			602,518	-
WIA Youth Activities	17.259	K386318	1,101,697	4,934
WIA Youth Activities	17.259	K491039	580,263	460,644
			1,681,960	465,578
Subtotal Workforce Investment Act Cluster			3,757,660	465,578

(Continued)

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

CITY OF SANTA ANA, CALIFORNIA

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2014 (Continued)**

Federal Grantor / Pass-Through Grantor / Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Awards Expenditures	Amount Provided to Subrecipients
Direct Program:				
H-1B Job Training Grants	17.268	HG-22593-12-60-A-6	609,506	363,953
Total U.S. Department of Labor			\$ 4,367,166	\$ 829,531
<b>U.S. Department of Transportation</b>				
Highway Planning and Construction Cluster:				
Passed through CA Department of Transportation:				
Highway Planning and Construction:				
Highway Bridge Replacement and Rehabilitation	20.205	BRLS-5063(089)	\$ 1,401,415	\$ -
Regional Surface Transportation	20.205	STPL-5063(128)	1,581,521	-
Regional Surface Transportation	20.205	STPL-5063(136)	22,687	-
Demonstration Sec 117	20.205	DEMO 5063(145)	533,811	-
Demonstration Sec 117	20.205	DEMO 5063(146)	399,795	-
Bicycle Corridor Improvement	20.205	CMAQ-5063(147) BCI	8,539	-
Bicycle Corridor Improvement	20.205	CMAQ-5063(148) BCI	23,590	-
Bicycle Corridor Improvement	20.205	CMAQ-5063(149) BCI	21,770	-
Bicycle Corridor Improvement	20.205	CMAQ-5063(150) BCI	5,337	-
Highway Safety Improvement Program	20.205	HSIPL-5063(129)	11,450	-
Highway Safety Improvement Program	20.205	HSIPL-5063(139)	186,088	-
Highway Safety Improvement Program	20.205	HSIPL-5063(140)	3,546	-
Highway Safety Improvement Program	20.205	HSIPL-5063(141)	280,128	-
Highway Safety Improvement Program	20.205	HSIPL-5063(142)	231,494	-
Highway Safety Improvement Program	20.205	HSIPL-5063(151)	5,673	-
Highway Safety Improvement Program	20.205	HSIPL-5063(152)	5,261	-
			<u>4,722,105</u>	<u>-</u>
Passed through CA Department of Parks and Recreation:				
Recreational Trails Program	20.219	C8526005	490,944	-
Subtotal Highway Planning and Construction Cluster			<u>5,213,049</u>	<u>-</u>
Passed through CA Department of Transportation:				
Highway Research and Development Program:				
SAFETEA-LU	20.200	RPSTPLE-5063(137)	9,797	-
Transportation Enhancement Activities	20.200	RPSTPLE-5063(143)	383,622	-
National Safe Route to School	20.200	SRTSLNI-5063(144)	73,030	-
			<u>466,449</u>	<u>-</u>
Passed through CA Office of Traffic Safety:				
State and Community Highway Safety:				
Sobriety Checkpoint	20.600	SC13385	40,890	-
Sobriety Checkpoint	20.600	SC14385	98,824	-
Selective Traffic Enforcement	20.600	PT1387	56,622	-
Selective Traffic Enforcement	20.600	PT1490	106,329	-
			<u>302,665</u>	<u>-</u>

(Continued)

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

CITY OF SANTA ANA, CALIFORNIA

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2014 (Continued)**

Federal Grantor / Pass-Through Grantor / Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Awards Expenditures	Amount Provided to Subrecipients
Passed through Orange County Transportation Authority: Federal Transit - Formula Grants (Program 5307)	20.507	C-1-3099	78,847	-
Total U.S. Department of Transportation			\$ 6,061,010	\$ -
<b>U.S. Department of Justice</b>				
Direct Programs:				
Equitable Sharing Program (Asset Forfeiture)	16.922	-	\$ 997,355	\$ -
ARRA-Public Safety Partnership and Community Policing Grants	ARRA-16.710	2009-RJ-WX-0014	276,576	-
Passed through County of Orange Sheriff's Department:				
Edward Byrne Memorial Justice Assistance Grant Program:				
Byrne Justice Assistance Grant 2011	16.738	2011-DJ-BX-2532	83,483	-
Byrne Justice Assistance Grant 2012	16.738	2012-DJ-BX-0057	5,616	-
Anti Drug Abuse Program	16.738	BSCC 652-12-12	36,174	-
Anti Drug Abuse Program	16.738	BSCC 652-13	90,752	-
			216,025	-
Total U.S. Department of Justice			\$ 1,489,956	\$ -
<b>U.S. Department of Homeland Security</b>				
Passed through CA Office of Emergency Services:				
Homeland Security Grant Program Cluster:				
Urban Area Security Initiative 2011	97.067	2011-SS-0077	\$ 5,873,482	\$ 3,552,382
Urban Area Security Initiative 2012	97.067	2012-SS-00123	1,041,460	-
Urban Area Security Initiative 2013	97.067	2013-00110	333,064	239
Subtotal Homeland Security Grant Program Cluster			7,248,006	3,552,621
Total U.S. Department of Homeland Security			\$ 7,248,006	\$ 3,552,621
<b>U.S. Department of Health and Human Services</b>				
Passed through County of Orange Social Services Agency:				
Temporary Assistance for Needy Families	93.558	WAM-0811	\$ 598,754	\$ -
<b>U.S. Institute of Museum and Library Services</b>				
Passed through CA State Library:				
Grants to States (Library Services & Technology Act 2012)	45.310	LS-00-12-0005-12	\$ 51,751	\$ -
<b>Total Expenditures of Federal Awards</b>			<b>\$ 63,570,485</b>	<b>\$ 6,197,273</b>

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

**CITY OF SANTA ANA, CALIFORNIA**

**Schedule of Expenditures of State Awards  
For the Fiscal Year Ended June 30, 2014**

<b>Grantor / Program Title</b>	<b>Program Identification Number</b>	<b>State Awards Expenditures</b>
<b>CA Department of Conservation</b>		
Recycling & Litter Reduction	Not applicable	\$ 17,665
<b>CA Department of Resources Recycling and Recovery</b>		
Oil Payment Program	OPP3	\$ 86,678
Beverage Container Payment Program	FY 10/11	30,000
Beverage Container Payment Program	FY 11/12	40,000
		<u>\$ 156,678</u>
<b>CA Department of Public Health</b>		
Safe Drinking Water, Water Quality & Supply - Prop 84	84-11C63	\$ 117,514
Safe Drinking Water, Water Quality & Supply - Prop 84	84-11C64	170
		<u>\$ 117,684</u>
<b>CA Department of Parks and Recreation</b>		
Habitat Conservation Fund	C9757010	\$ 1,123
Habitat Conservation Fund	C9763004	56,875
Statewide Park Program - Prop 84	C6904046	4,139,814
Statewide Park Program - Prop 84	C6905016	3,098
		<u>\$ 4,200,910</u>
<b>CA Department of Transportation</b>		
Bicycle Transportation Act	BTA 11/12-12-ORA-10	\$ 1,064
Bicycle Transportation Act	BTA 12/13-12-ORA-04	\$ 1,494
		<u>\$ 2,558</u>
<b>CA Department of Motor Vehicles</b>		
SCAQMD Mobile Source Air Pollution Reduction	2011 MSRC ML11029	\$ 3,227
SCAQMD Mobile Source Air Pollution Reduction	2011 MSRC ML11041	3,003
		<u>\$ 6,230</u>
<b>Total Expenditures of State Awards</b>		<u><u>\$ 4,501,725</u></u>

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

**Notes to the Schedules of Expenditures of Federal and State Awards  
For the Fiscal Year Ended June 30, 2014**

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1. REPORTING ENTITY

The accompanying Schedules of Expenditures of Federal and State Awards (the Schedules) present the activities of all Federal and State financial assistance programs of the City of Santa Ana, California (the City). Federal financial assistance received directly from Federal agencies, as well as Federal financial assistance passed through other agencies, is included in the Federal schedule. State financial assistance received from State of California agencies is reported in the State schedule. The City's reporting entity is defined in Note 1 to the City's basic financial statements. Because the Schedules of Expenditures of Federal and State Awards present only a selected portion of the operations of the City, they are not intended to, and do not, present the financial position or changes in financial position of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the modified-accrual basis of accounting for those grants that were recorded in governmental funds and on the accrual basis of accounting for those grants that were recorded in proprietary funds. Expenditures are recognized following the cost principles contained in Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The information in these Schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in these Schedules may differ from amounts presented in, or used in the preparation of the basic financial statements.

**CITY OF SANTA ANA, CALIFORNIA**

**Housing Authority of the City of Santa Ana  
Financial Data Schedule of Assets, Liabilities and Equity  
June 30, 2014**

Line Item No.	Account Description	Housing Choice Vouchers	Total
<b><u>Assets</u></b>			
Current Assets:			
111	Cash - Unrestricted	\$ 791,513	\$ 791,513
113	Cash - Other Restricted	997,362	997,362
115	Cash - Restricted for payment of Current Liabilities	61,882	61,882
100	Total Cash	<u>1,850,757</u>	<u>1,850,757</u>
Receivables:			
122	Accounts Receivable - HUD Other Projects	-	-
128	Fraud Recovery	18,377	18,377
128.1	Allowance for Doubtful Accounts - Fraud	(6,616)	(6,616)
129	Accrued Interest Receivable	1,179	1,179
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>12,940</u>	<u>12,940</u>
142	Prepaid Expenses and Other Assets	7,899	7,899
150	Total Current Assets	<u>1,871,596</u>	<u>1,871,596</u>
Noncurrent Assets:			
Fixed Assets:			
164	Furniture, Equipment & Machinery - Administration	-	-
166	Accumulated Depreciation	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	<u>-</u>	<u>-</u>
174	Other Assets	-	-
180	Total Non-Current Assets	<u>-</u>	<u>-</u>
190	Total Assets	<u>\$ 1,871,596</u>	<u>\$ 1,871,596</u>
<b><u>Liabilities and Equity</u></b>			
Liabilities:			
312	Accounts Payable - HUD PHA Programs <=90 days	\$ 13,659	\$ 13,659
322	Accrued Compensated Absences - Current Portion	21,609	21,609
331	Accounts Payable - HUD PHA Programs	-	-
342	Deferred Revenues	11,761	11,761
345	Other Current Liabilities	61,882	61,882
346	Accrued Liabilities - Other	-	-
310	Total Current Liabilities	<u>108,911</u>	<u>108,911</u>
Noncurrent Liabilities:			
353	Noncurrent Liabilities - Other	185,645	185,645
354	Accrued Compensated Absences - Non Current	64,825	64,825
350	Total Noncurrent Liabilities	<u>250,470</u>	<u>250,470</u>
300	Total Liabilities	<u>359,381</u>	<u>359,381</u>
Equity:			
509.2	Fund Balance Reserved	820,239	820,239
511.2	Unreserved, Designated Fund Balance	-	-
512.2	Unreserved, Undesignated Fund Balance	691,976	691,976
513	Total Equity/Net Assets	<u>1,512,215</u>	<u>1,512,215</u>
600	Total Liabilities and Equity/Net Assets	<u>\$ 1,871,596</u>	<u>\$ 1,871,596</u>



**CITY OF SANTA ANA, CALIFORNIA**

**Housing Authority of the City of Santa Ana  
Financial Data Schedule of Revenues, Expenses and Changes in Equity  
Year Ended June 30, 2014**

Line Item No.	Account Description	Housing Choice Vouchers	Total
<b>Revenues</b>			
70600	HUD PHA Operating Grants	\$ 30,026,591	\$ 30,026,591
71100	Investment Income - Unrestricted	4,739	4,739
71400	Fraud Recovery	26,542	26,542
71500	Other Revenue	290,797	290,797
72000	Investment Income - Restricted	2,533	2,533
70000	Total Revenue	<u>30,351,202</u>	<u>30,351,202</u>
<b>Expenses</b>			
Administrative:			
91100	Administrative Salaries	1,018,672	1,018,672
91200	Auditing Fees	23,551	23,551
91400	Advertising and Marketing	4,061	4,061
91500	Employee Benefit Contributions - Administrative	318,306	318,306
91600	Office Expenses	936,751	936,751
91800	Travel, Training & Transportation	-	-
91810	Allocated Overhead	116,538	116,538
91000	Total Operating - Administrative	<u>2,417,879</u>	<u>2,417,879</u>
Tenant Services:			
92100	Tenant Services - Salaries	84,911	84,911
92300	Employee Benefit Contributions - Tenant Services	39,802	39,802
92500	Total Tenant Services	<u>124,713</u>	<u>124,713</u>
General Expenses:			
96200	Other General Expenses	-	-
96210	Compensated Absences	-	-
96000	Total Other General Expenses	<u>-</u>	<u>-</u>
96900	Total Operating Expenses	<u>2,542,592</u>	<u>2,542,592</u>
97000	Excess of Operating Revenue over Operating Expenses	27,808,610	27,808,610
97300	Housing Assistance Payments	27,677,300	27,677,300
97350	HA Portability-In	269,729	269,729
90000	Total Expenses	<u>30,489,621</u>	<u>30,489,621</u>
10093	Transfers between Program & Project-In	-	-
10094	Transfers between Program & Project-Out	-	-
10000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>\$ (138,419)</u>	<u>\$ (138,419)</u>
<b>Memo Account Information:</b>			
11030	Beginning Equity	\$ 1,650,634	\$ 1,650,634
11040	Prior Period Adjustments and Equity Transfers	-	-
11050	Changes in Compensated Absence Balance	(1,075)	(1,075)
11090	Changes in Allowance for Doubtful Accounts-Dwelling Units	-	-
11100	Changes in Allowance for Doubtful Accounts-Other	-	-
11200	Unit Months Available	32,388	32,388
11210	Number of Unit Months Leased	31,183	31,183
11170	Administrative Fee Equity	691,976	691,976
11180	Housing Assistance Payments Equity	820,239	820,239
	<i>Line 11170 &amp; 11180</i>	<u>\$ 1,512,215</u>	<u>\$ 1,512,215</u>
	<i>Line 513</i>	<u>1,512,215</u>	<u>1,512,215</u>
		<u>\$ -</u>	<u>\$ -</u>

**CITY OF SANTA ANA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**Section I - Summary of Auditor's Results**

**A. Financial Statements:**

Type of auditor's report issued:	Unmodified opinion
Internal control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**B. Federal Awards:**

Internal control over major programs:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified not considered to be material weakness?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510?	Yes

Identification of major programs:	
<u>CFDA Number(s)</u>	<u>Name of the Program or Cluster</u>
CFDA No. 14.218	Community Development Block Grants/Entitlement Grants Cluster
CFDA No. 14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,907,115
Auditee qualified as a low-risk auditee?	No

**CITY OF SANTA ANA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**Section II - Financial Statement Findings**

There were no financial statement findings for the year ended June 30, 2014.

**CITY OF SANTA ANA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**Section III - Federal Award Findings and Questioned Costs**

<b>Reference Number:</b>	<b>2014-001</b>
<b>Federal Program Title(s):</b>	<b>Community Development Block Grants/Entitlement Grants</b>
<b>Federal Catalog Number:</b>	<b>14.218</b>
<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Pass-Through Entity:</b>	<b>N/A</b>
<b>Federal Award Number(s) and Year(s):</b>	<b>B-11-MN-06-0522 (2011)</b>
<b>Category of Finding:</b>	<b>Real Estate Acquisition and Relocation Assistance – Non-compliance with OMB Circular A-133 requirements.</b>

***Criteria:***

49 CFR Part 24.101(b)(2)(i-ii) states:

“(b) Programs and projects receiving Federal financial assistance. The requirements of this subpart apply to any acquisition of real property for programs and projects where there is Federal financial assistance in any part of project costs except for the acquisitions described in paragraphs (b) (1) through (5) of this section.[...]

[...](2) Acquisitions for programs or projects undertaken by an Agency or person that receives Federal financial assistance but does not have authority to acquire property by eminent domain, provided that such Agency or person shall:

(i) Prior to making an offer for the property, clearly advise the owner that it is unable to acquire the property if negotiations fail to result in an agreement; and (ii) Inform the owner in writing of what it believes to be the market value of the property. (See appendix A, §24.101(b)(1)(iv) and (2)(ii).)”

***Condition and Context:***

During the fiscal year ended June 30, 2014, the City entered into a voluntary real property acquisition transaction. After review of the supporting documentation, we noted that the written letter to the owner did not include the market value of the property as required.

***Cause and Effect:***

The City did not have a process in place to ensure that written communication to the property owner included the market value of the property. As a result, the City did not comply with the Real Property Acquisition and Relocation Assistance requirements.

***Questioned Costs:***

Not applicable.

**CITY OF SANTA ANA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

***Recommendation:***

We recommend that the City of Santa Ana revise their policy and procedures to provide the market value to property owners in voluntary acquisitions.

***Views of Responsible Officials and Planned Corrective Action:***

The voluntary letter for this acquisition included all aspects of the voluntary acquisition requirements under 49 CFR 24.101(b) (1)-(5) except for the market value of the property. The real property acquisition transaction was a voluntary acquisition per HUD guidelines since the City did not invoke eminent domain and the property was purchased by an organization that does not have the power of eminent domain. City staff will review and ensure that all required language for voluntary letters for future acquisitions is included. Furthermore, City staff has implemented an acquisition and relocation procedures manual to ensure compliance for future acquisitions.

**CITY OF SANTA ANA**  
**Summary Schedule of Prior Year Findings**  
**For the Year Ended June 30, 2014**

<i>Prior Year Financial Statement Findings</i>		
<b>Finding No.</b>	<b>Finding Description</b>	<b>Status of Corrective Action</b>
2013-001	System Access	Implemented; Since March 2014, the Personnel Department notifies the IT Services Division of the separations at the end of each pay period, twice a month. In addition, the IT Services Division created required communications to take place between the employees' manager, assigned local administrator, and IT Services Division.

**CITY OF SANTA ANA**  
**Summary Schedule of Prior Year Findings**  
**For the Year Ended June 30, 2014**

<i>Prior Year Federal Award Findings</i>				
<b>Finding No.</b>	<b>Program</b>	<b>CFDA No.</b>	<b>Compliance Requirements</b>	<b>Status of Corrective Action</b>
2013-002	Section 8 Housing Choice Vouchers	14.871	Special Tests and Provisions - Housing Quality Standards	Implemented; Effective August 1, 2014, HQS inspections are now scheduled 60 days ahead in order to accommodate for any no shows and reschedules.
2013-003	Community Development Block Grants/ Entitlement Grants	14.218	Special Tests and Provisions - Rehabilitation	Implemented; The City has assigned staff to ensure required inspections are complete and certificate of completion documents are retained.
2013-004	Community Development Block Grants/ Entitlement Grants	14.218	Subrecipient Monitoring	Implemented; The City has filled the vacancy of the position that is primarily responsible for complying with all CDBG subrecipient monitoring requirements. Program staff follows and utilizes the CPD Monitoring Handbook 6509.2, Exhibit 3-18 tool to be in compliance with the monitoring requirements and recommendation stated above. Single Audit reports are received and reviewed by staff. In addition, a monitoring plan has been established to ensure all subrecipients receive at minimum a desk audit and to prioritize subrecipients for monitoring based on a risk assessment.
2013-005	Section 8 Housing Choice Vouchers	14.871	Special Tests and Provisions - Lead Based Paint Disclosure	Implemented; All portability participants are briefed when the Housing Specialist meets with them at which time they receive the "Protecting Your Family from Lead in Your Home" handbook. A checklist is used and signed by the participant to confirm receipt. The checklist is subsequently filed away in the participants' file.
2013-006	Public Safety Partnership and Community Policing Grants	16.710	Reporting	Implemented; The Police Department Fiscal has created a master calendar for all financial grant reporting requirements including PSPCP. The Department has also proposed to begin keeping an electronic copy of the ARRA form 1512 submissions in their grant file; however, the ARRA quarterly reporting requirements to submit form 1512 ended January 2014.
2013-007	Community Development Block Grants/ Entitlement Grants	14.218	Reporting	Implemented; Program staff have taken the necessary actions to report on all sub-awards of \$25,000 or more in FSRS. The FSRS must first recognize a federal award in order for grantees to input the sub-award data. The Federal award may not be available in the system within the required timeframe; however, staff performs monthly checks in the system, documents the attempts, and ensures the sub-awards are reported once the grant information is recognized in the system. Management will continue to ensure that staff submits the required information to FSRS in a timely manner.



CITY OF SANTA ANA, CALIFORNIA  
Single Audit of Federal Grants  
and  
Other Financial Information





CITY OF SANTA ANA, CALIFORNIA

Single Audit of Federal Grants  
and  
Other Financial Information



CITY OF SANTA ANA  
CALIFORNIA

## **2014 Single Audit of Federal Grants and Other Financial Information**

20 Civic Center Plaza, Santa Ana, California 92701 (714) 647-5434