



CITY OF SANTA ANA, CALIFORNIA

**2015**  
**Single Audit of Federal Grants**  
**and**  
**Other Financial Information**

For the Fiscal Year Ended June 30, 2015

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, 2015**

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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**

To the Honorable City Council  
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, 2015, 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 3, 2015. Our report includes an emphasis of a matter paragraph indicating that the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

**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 City’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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Macias Gini & O'Connell LLP*

Newport Beach, CA  
December 3, 2015



**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**

To the Honorable City Council  
City of Santa Ana, California

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

We have audited the 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, 2015. 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, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 through 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001 through 2015-004, that we consider to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit are 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 3, 2015, which contained unmodified opinions on those financial statements. 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, the 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.

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

Newport Beach, California  
February 1, 2016



CITY OF SANTA ANA, CALIFORNIA  
Single Audit of Federal Grants  
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CITY OF SANTA ANA, CALIFORNIA

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2015**

Federal Grantor / Pass-Through Grantor / Program Title or Cluster	Catalog of Federal Domestic Assistance Number	Grant Number/ Pass-through Entity Identifying 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:				
Community Development Block Grants	14.218*	B-12-MC-06-0508	\$ 1,281,509	\$ -
Community Development Block Grants	14.218*	B-13-MC-06-0508	2,360,631	972,592
Community Development Block Grants	14.218*	B-14-MC-06-0508	107,865	-
Neighborhood Stabilization Program 1	14.218*	B-08-MN-06-0522	5,166	-
Neighborhood Stabilization Program 3	14.218*	B-11-MN-06-0522	166,959	-
Subtotal Community Development Block Grants/Entitlement Grants			3,922,130	972,592
Emergency Solutions Grant Program	14.231	E-13-MC-06-0508	58,363	48,109
Emergency Solutions Grant Program	14.231	E-14-MC-06-0508	377,772	323,374
			436,135	371,483
Section 8 Housing Choice Vouchers	14.871*	SF-503 Voucher	30,673,056	-
Family Self-Sufficiency Program	14.896	CA093FSH062A014	34,212	-
Home Investment Partnerships Program	14.239	M-10-MC-06-0535	18,507	-
Home Investment Partnerships Program	14.239	M-12-MC-06-0535	101,192	-
Home Investment Partnerships Program	14.239	M-13-MC-06-0535	26,249	-
Home Investment Partnerships Program	14.239	M-14-MC-06-0535	33,039	-
			178,987	-
ARRA - Neighborhood Stabilization Program 2	14.256	B-09-LN-CA-0047	297,326	-
Housing Opportunities for Persons with AIDS	14.241*	CA-H13-F0-06	810,676	793,253
Passed through City of Anaheim:				
Housing Opportunities for Persons with AIDS	14.241*	CA-H14-F0-10	1,471,038	890,358
Total U.S. Department of Housing and Urban Development			\$ 37,823,560	\$ 3,027,686
<b>U.S. Department of Labor</b>				
Passed through CA Employment Development Department:				
Workforce Investment Act Cluster:				
WIA Adult Program	17.258*	K491039	\$ 144,507	\$ -
WIA Adult Program	17.258*	K594782	1,123,528	-
			1,268,035	-
WIA Dislocated Workers Formula Grants	17.278*	K491039	348,095	-
WIA Dislocated Workers Formula Grants	17.278*	K594782	504,305	-
WIA Dislocated Workers Formula Grants (Rapid Response)	17.278*	K491039	53,770	-
WIA Dislocated Workers Formula Grants (Rapid Response)	17.278*	K594782	100,506	-
			1,006,676	-
WIA Youth Activities	17.259*	K491039	651,110	138,242
WIA Youth Activities	17.259*	K594782	917,501	751,147
			1,568,611	889,389
Subtotal Workforce Investment Act Cluster			3,843,322	889,389

\* Denotes major program  
See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

(Continued)

CITY OF SANTA ANA, CALIFORNIA

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2015**

Federal Grantor / Pass-Through Grantor / Program Title or Cluster	Catalog of Federal Domestic Assistance Number	Grant Number/ Pass-through Entity Identifying Number	Federal Awards Expenditures	Amount Provided to Subrecipients
Direct Program:				
H-1B Job Training Grants	17.268	HG-22593-12-60-A-6	1,222,269	588,108
Total U.S. Department of Labor			<u>\$ 5,065,591</u>	<u>\$ 1,477,497</u>
<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)	\$ 2,209,309	\$ -
National Highway Performance Program	20.205	BRLS-5063(153)	64,705	-
Regional Surface Transportation	20.205	STPL-5063(136)	78,313	-
Demonstration Sec 117	20.205	DEMO 5063(145)	148,826	-
Demonstration Sec 117	20.205	DEMO 5063(146)	179,885	-
Bicycle Corridor Improvement	20.205	CMAQ-5063(147) BCI	51,594	-
Bicycle Corridor Improvement	20.205	CMAQ-5063(148) BCI	26,410	-
Bicycle Corridor Improvement	20.205	CMAQ-5063(149) BCI	224,841	-
Bicycle Corridor Improvement	20.205	CMAQ-5063(150) BCI	12,876	-
Highway Safety Improvement Program	20.205	HSIPL-5063(140)	163,820	-
Highway Safety Improvement Program	20.205	HSIPL-5063(141)	13,020	-
Highway Safety Improvement Program	20.205	HSIPL-5063(118)	9,418	-
Highway Safety Improvement Program	20.205	HSIPL-5063(151)	5,809	-
Highway Safety Improvement Program	20.205	HSIPL-5063(152)	8,986	-
Highway Safety Improvement Program	20.205	HSIPL-5063(154)	19,884	-
Highway Safety Improvement Program	20.205	HSIPL-5063(155)	4,277	-
Highway Safety Improvement Program	20.205	HSIPL-5063(156)	20,209	-
Highway Safety Improvement Program	20.205	HSIPL-5063(157)	14,134	-
			<u>3,256,316</u>	<u>-</u>
Passed through CA Department of Parks and Recreation:				
Recreational Trails Program	20.219	C8526005	1,173	-
Subtotal Highway Planning and Construction Cluster			<u>3,257,489</u>	<u>-</u>
Passed through CA Department of Transportation:				
Highway Research and Development Program:				
Transportation Enhancement Activities	20.200	RPSTPLE-5063(143)	32,556	-
National Safe Route to School	20.200	SRTSLNI-5063(144)	37,524	-
			<u>70,080</u>	<u>-</u>
Passed through CA Office of Traffic Safety:				
State and Community Highway Safety:				
Sobriety Checkpoint	20.600	SC14385	57,476	-
Selective Traffic Enforcement	20.600	PT1490	69,607	-
Selective Traffic Enforcement	20.600	PT1568	184,001	-
Public Education on Bicycle Safety	20.600	PS1506	68,032	-
			<u>379,116</u>	<u>-</u>
Passed through Orange County Transportation Authority:				
Federal Transit - Formula Grants (Program 5307)	20.507	C-2-1640	85,403	-
Total U.S. Department of Transportation			<u>\$ 3,792,088</u>	<u>\$ -</u>

\* Denotes major program

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

(Continued)

**CITY OF SANTA ANA, CALIFORNIA**

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2015**

Federal Grantor / Pass-Through Grantor / Program Title or Cluster	Catalog of Federal Domestic Assistance Number	Grant Number/ Pass-through Entity Identifying Number	Federal Awards Expenditures	Amount Provided to Subrecipients
<b>U.S. Department of Justice</b>				
Direct Programs:				
Equitable Sharing Program (Asset Forfeiture)	16.922	-	\$ 1,135,347	\$ -
ARRA-Public Safety Partnership & Community Policing Grants	16.710	2014-UL-WX-0039	119,465	-
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	10,879	-
Byrne Justice Assistance Grant 2012	16.738	2012-DJ-BX-0057	103,550	-
Byrne Justice Assistance Grant 2013	16.738	2013-DJ-BX-1065	40,077	-
Byrne Justice Assistance Grant 2014	16.738	2014-DJ-BX-0038	17,757	-
Anti Drug Abuse Program	16.738	BSCC 652-13	71,108	-
			<u>243,371</u>	<u>-</u>
Total U.S. Department of Justice			\$ 1,498,183	\$ -
<b>U.S. Department of Homeland Security</b>				
Passed through CA Office of Emergency Services:				
Homeland Security Grant Program:				
Urban Area Security Initiative 2011	97.067*	2011-SS-0077	\$ 316,537	\$ -
Urban Area Security Initiative 2013	97.067*	2013-00110	2,381,937	996,892
Urban Area Security Initiative 2014	97.067*	2014-SS-00093	170,246	-
Subtotal Homeland Security Grant Program			<u>2,868,720</u>	<u>996,892</u>
Pre-Disaster Mitigation	97.047	20071004	599,582	595,575
Total U.S. Department of Homeland Security			\$ 3,468,302	\$ 1,592,467
<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-0313	\$ 788,675	\$ -
<b>U.S. Institute of Museum and Library Services</b>				
Direct Program:				
National Leadership Grants	45.312	LG-07-14-0067-14	\$ 19,922	\$ -
<b>U.S. National Endowment for the Arts</b>				
Direct Program:				
Promotion of the Arts - Grants to Organizations and Individuals	45.024	59-0100-01-1-503	\$ 6,734	\$ -
<b>U.S. Department of Treasury</b>				
Direct Program:				
Equitable Sharing Program (Asset Forfeiture)	21.000	-	\$ 349,214	\$ -
<b>Total Expenditures of Federal Awards</b>			<u>\$ 52,812,269</u>	<u>\$ 6,097,650</u>

\* Denotes major program

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, 2015**

Grantor / Program Title	Program Identification Number	State Awards Expenditures
<b>CA Department of Conservation</b>		
Recycling & Litter Reduction	Not applicable	\$ 16,262
<b>CA Department of Resources Recycling and Recovery</b>		
Oil Payment Program	OPP3	\$ 186
Oil Payment Program	OPP4	76,962
Beverage Container Payment Program	FY 10/11	47,375
Beverage Container Payment Program	FY 11/12	47,252
Beverage Container Payment Program	FY 12/13	49,485
		\$ 221,260
<b>CA State Water Resources Control Board</b>		
Proposition 40 Storm Water Grant Program	14-449-550-0	\$ 13,653
<b>CA Department of Parks and Recreation</b>		
Habitat Conservation Fund	C9757010	\$ 1,619
Statewide Park Program - Prop 84	C6905016	282,639
		\$ 284,258
<b>CA Department of Transportation</b>		
Bicycle Transportation Act	BTA 12/13-12-ORA-04	\$ 32,176
<b>CA Department of Motor Vehicles</b>		
SCAQMD Mobile Source Air Pollution Reduction	2011 MSRC ML11029	\$ 138,306
SCAQMD Mobile Source Air Pollution Reduction	2011 MSRC ML11041	90,000
SCAQMD Mobile Source Air Pollution Reduction	2012 MSRC ML11029	20,875
		\$ 249,181
<b>Total Expenditures of State Awards</b>		<b>\$ 816,790</b>

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, 2015**

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1. BASIS OF PRESENTATION

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) for the year ended June 30, 2015. 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 present only a selected portion of the operations of the City, they are not intended to, and do not, present the financial position, changes in net position, or cash flows 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. Pass-through entity identifying numbers are identified where available.

CITY OF SANTA ANA, CALIFORNIA

**Housing Authority of the City of Santa Ana**  
**Financial Data Schedule of Assets, Liabilities and Equity**  
**June 30, 2015**

Line Item No.	Account Description	Family Self Sufficiency Program	Housing Choice Vouchers	Total
<b>Assets</b>				
Current Assets:				
111	Cash - Unrestricted	\$ -	\$ 708,412	\$ 708,412
113	Cash - Other Restricted	-	489,980	489,980
115	Cash - Restricted for Payment of Current Liabilities	-	54,048	54,048
100	Total Cash	-	1,252,440	1,252,440
Receivables:				
122	Accounts Receivable - HUD Other Projects	-	-	-
128	Fraud Recovery	-	32,170	32,170
128.1	Allowance for Doubtful Accounts - Fraud	-	(11,581)	(11,581)
129	Accrued Interest Receivable	-	755	755
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	21,344	21,344
142	Prepaid Expenses and Other Assets	-	12,921	12,921
150	Total Current Assets	-	1,286,705	1,286,705
Noncurrent Assets:				
Fixed Assets:				
164	Furniture, Equipment & Machinery - Administration	-	-	-
166	Accumulated Depreciation	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	-	-	-
174	Other Assets	-	-	-
180	Total Non-Current Assets	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ 1,286,705	\$ 1,286,705
<b>Liabilities and Equity</b>				
Liabilities:				
312	Accounts Payable - HUD PHA Programs <=90 days	\$ -	\$ 10,414	\$ 10,414
322	Accrued Compensated Absences - Current Portion	-	21,609	21,609
331	Accounts Payable - HUD PHA Programs	-	1,406	1,406
342	Deferred Revenues	-	20,589	20,589
345	Other Current Liabilities	-	52,642	52,642
346	Accrued Liabilities - Other	-	-	-
310	Total Current Liabilities	-	106,660	106,660
Noncurrent Liabilities:				
353	Noncurrent Liabilities - Other	-	157,924	157,924
354	Accrued Compensated Absences - Non Current	-	64,825	64,825
350	Total Noncurrent Liabilities	-	222,749	222,749
300	Total Liabilities	-	329,409	329,409
Equity:				
509.3	Restricted Fund Balance	-	345,266	345,266
511.3	Assigned Fund Balance	-	612,030	612,030
513	Total Equity - Net Assets/Position	-	957,296	957,296
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	\$ -	\$ 1,286,705	\$ 1,286,705



CITY OF SANTA ANA, CALIFORNIA

**Housing Authority of the City of Santa Ana  
Financial Data Schedule of Revenue, Expenses and Changes in Equity  
Year Ended June 30, 2015**

Line Item No.	Account Description	Family Self Sufficiency Program	Housing Choice Vouchers	Total
<b>Revenues</b>				
70600	HUD PHA Operating Grants	\$ 34,212	\$ 30,046,403	\$ 30,080,615
71100	Investment Income - Unrestricted - ADMIN	-	5,608	5,608
71400	Fraud Recovery	-	21,219	21,219
71500	Other Revenue	-	44,617	44,617
72000	Investment Income - Restricted - HAP	-	289	289
70000	Total Revenue	<u>34,212</u>	<u>30,118,136</u>	<u>30,152,348</u>
<b>Exnenses</b>				
Administrative:				
91100	Administrative Salaries	-	1,025,089	1,025,089
91200	Auditing Fees	-	29,329	29,329
91400	Advertising and Marketing	-	6,878	6,878
91500	Employee Benefit Contributions - Administrative	-	335,242	335,242
91600	Other Operating - Administrative	-	1,030,157	1,030,157
91800	Travel, Training & Transportation	-	-	-
91810	Allocated Overhead	-	169,656	169,656
	Total Operating - Administrative Expenses	<u>-</u>	<u>2,596,351</u>	<u>2,596,351</u>
Tenant Services:				
92100	Tenant Services - Salaries	24,400	63,969	88,369
92300	Employee Benefit Contributions - Tenant Services	9,812	32,207	42,019
92500	Total Tenant Services	<u>34,212</u>	<u>96,176</u>	<u>130,388</u>
General Expenses:				
96140	All Other Insurance	-	-	-
96200	Other General Expenses	-	-	-
96210	Compensated Absences	-	-	-
96000	Total Operating - General Expenses	<u>-</u>	<u>-</u>	<u>-</u>
96900	Total Operating Expenses	<u>34,212</u>	<u>2,692,527</u>	<u>2,726,739</u>
97000	Excess Operating Revenue over Operating Expenses	-	27,425,609	27,425,609
97300	Housing Assistance Payments	-	27,966,741	27,966,741
97350	HA Portability-In	-	13,787	13,787
90000	Total Expenses	<u>34,212</u>	<u>30,673,055</u>	<u>30,707,267</u>
10093	Transfers between Program & Project-In	-	-	-
10094	Transfers between Program & Project-Out	-	-	-
10000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>\$ -</u>	<u>\$ (554,919)</u>	<u>\$ (554,919)</u>
<b>Memo Account Information:</b>				
11030	Beginning Equity	\$ -	\$ 1,512,215	\$ 1,512,215
11040	Prior period Adjustments and Equity Transfers	-	-	-
11050	Changes in Compensated Absence Balance	-	(543)	(543)
11200	Unit Months Available	-	32,388	32,388
11210	Number of Unit Months Leased	-	31,244	31,244
11170	Administrative Fee Equity	-	612,030	612,030
11180	Housing Assistance Payments Equity	-	345,266	345,266
	Line 11170 & 11180	<u>\$ -</u>	<u>\$ 957,296</u>	<u>\$ 957,296</u>
	Line 513	<u>-</u>	<u>957,296</u>	<u>-</u>
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SANTA ANA, CALIFORNIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

**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?	No

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
CFDA No. 14.871	Section 8 Housing Choice Vouchers
CFDA No. 14.241	Housing Opportunities for Persons with AIDS
CFDA Nos. 17.258, 17.259, 17.278	Workforce Investment Act Cluster
CFDA No. 97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,584,368
Auditee qualified as a low-risk auditee?	No

**CITY OF SANTA ANA, CALIFORNIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

**Section II - Financial Statement Findings**

There were no financial statement findings for the year ended June 30, 2015.

**CITY OF SANTA ANA, CALIFORNIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

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

<b>Reference Number:</b>	<b>2015-001</b>
<b>Federal Program Title(s):</b>	<b>Housing Opportunities for Persons with AIDS</b>
<b>Federal Catalog Number(s):</b>	<b>14.241</b>
<b>Federal Agency:</b>	<b>Department of Housing and Urban Development</b>
<b>Pass-Through Entity:</b>	<b>City of Anaheim</b>
<b>Federal Award Number(s) and Year(s):</b>	<b>CA-H14-F0-10 (2014)</b>
<b>Category of Finding:</b>	<b>Subrecipient Monitoring</b>

**Criteria:**

U.S. Office of Management and Budget Circular A-133 §\_\_\_.400(d)(1) states:

(d) **Pass-through entity responsibilities.** A pass-through entity shall perform the following for the Federal awards it makes:

(1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

**Condition and Context:**

During our review of two (2) agreements, representing all of the subawards with expenditures during fiscal year 2015, between the City of Santa Ana and subrecipients, one (1) agreement did not include the CFDA number as required by OMB Circular A-133. The agreement did include all of the other required elements, such as the award name and number.

**Cause:**

The City does not have a written policy to ensure compliance with OMB Circular A-133 subrecipient awarding requirements prior to finalizing the award, such as inclusion of the CDFA number in each subaward.

**Effect:**

Failure to provide the subrecipients with the CFDA number may result in noncompliance with OMB Circular A-133.

**Questioned Costs:**

There are no questioned costs.

**CITY OF SANTA ANA, CALIFORNIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

**Recommendation:**

We recommend that City's management revise the policies and procedures to ensure that subrecipients are provided with complete Federal award information as required by OMB Circular A-133. In addition, for those subawards still receiving federal monies, we recommend the City amend the agreements to include the CFDA number.

**Management Response and Planned Corrective Action:**

Program staff became aware of the requirement during fiscal year 2014-15 and incorporated CFDA numbers into all new agreements to ensure the Federal award was identified as required. The City has revised HUD program policies and procedures to ensure that subrecipients are provided with complete Federal award information as required by OMB Circular A-133.

**CITY OF SANTA ANA, CALIFORNIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

<b>Reference Number:</b>	<b>2015-002</b>
<b>Federal Program Title(s):</b>	<b>Homeland Security Grant Program</b>
<b>Federal Catalog Number(s):</b>	<b>97.067</b>
<b>Federal Agency:</b>	<b>U.S. Department of Homeland Security</b>
<b>Pass-Through Entity:</b>	<b>California Governor's Office of Emergency Services</b>
<b>Federal Award Number(s) and Year(s):</b>	<b>2014-SS-00093 (2014)</b> <b>2013-00110 (2013)</b> <b>2011-SS-0077 (2011)</b>
<b>Category of Finding:</b>	<b>Subrecipient Monitoring</b>

**Criteria:**

Appendix A to 2 CFR Part 25 states:

B. Requirement for Data Universal Numbering System (DUNS) Numbers

If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.

**Condition and Context:**

During our review of compliance with the subrecipient monitoring requirements, we noted that four (4) of four (4) subawards selected for testing did not contain written evidence that a DUNS number was obtained prior to issuing the subaward.

**Cause:**

The City did not have an internal policy in place to obtain the DUNS numbers prior to issuance of the subaward(s). As a result, the DUNS numbers for all four subrecipients were not obtained prior to the issuance of the subaward(s).

**Effect:**

Failure to obtain the DUNS numbers prior to subaward(s) issuance results in an incomplete evaluation of the subrecipient's eligibility for federal funds.

**Questioned Costs:**

There are no questioned costs.

**CITY OF SANTA ANA, CALIFORNIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

**Recommendation:**

We recommend that management design and implement procedures to obtain and update the DUNS numbers for subrecipients prior to the issuance of a subaward in accordance with the federal requirements.

**Management Response and Planned Corrective Action:**

During the review of subrecipient monitoring, it was determined that a DUNS number was not obtained as part of our sub-award application or prior to the issuance of sub-awards to UASI subrecipients. The UASI subrecipient agreement and subrecipient eligibility review procedure includes verification of subrecipient eligibility to receive homeland security grant funding. Verification of subrecipient DUNS numbers will be incorporated into this established review process and procedure. Upon receipt of the transfer agreement and eligibility packet, program staff will verify DUNS information in SAM.gov and print out the availability report to include in the individual subrecipient file. All information will be documented and verified prior to the approval and execution of the subrecipient transfer agreement.

**CITY OF SANTA ANA, CALIFORNIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

**Reference Number:** 2015-003  
**Federal Program Title(s):** Section 8 Housing Choice Vouchers Program  
**Federal Catalog Number(s):** 14.871  
**Federal Agency:** U.S. Department of Housing and Urban Development  
**Pass-Through Entity:** N/A  
**Federal Award Number(s) and Year(s):** CA093VO0168 (2015)  
CA093VO0169 (2015)  
**Category of Finding:** Cash Management

**Criteria:**

2 CFR section 200.302(b)(6) states:

“(b)The financial management system of each non-Federal entity must provide for the following:  
[...]  
(6) Written procedures to implement the requirements of 200.305 *Payment*.  
[...]

**Condition and Context:**

During our review, we noted that the City did not have written procedures to implement the requirements of 2 CFR section 200.305 *Payment* during fiscal year 2015.

**Cause:**

The City was unaware that this grant was subject to the requirements of the Uniform Guidance, thus did not implement changes during fiscal year 2015.

**Effect:**

Failure to have a written procedures to ensure the compliance with the 2 CFR section 200.305 *Payment* may result in noncompliance with Uniform Guidance requirements.

**Questioned Costs:**

There are no questioned costs.

**Recommendation:**

We recommend that the City identify grants that are subject to Uniform Guidance on a timely basis to ensure all compliance requirements are met.

**Management Response and Planned Corrective Action:**

The City has identified federal grants subject to the Uniform Guidance and will develop written procedures to implement the requirements of 2 CFR section 200.305 *Payment*.



**CITY OF SANTA ANA, CALIFORNIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

**Reference Number:** 2015-004  
**Federal Program Title(s):** Section 8 Housing Choice Voucher Program  
**Federal Catalog Number(s):** 14.871  
**Federal Agency:** U.S. Department of Housing and Urban Development  
**Pass-Through Entity:** N/A  
**Federal Award Number(s) and Year(s):** CA093VO0168 (2015)  
CA093VO0169 (2015)  
**Category of Finding:** Allowable Costs and Cost Principles

**Criteria:**

2 CFR section 200.302(b)(7) states:

- (b) The financial management system of each non-Federal entity must provide for the following:  
[...]
- (7) Written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of this part and the terms and conditions of the Federal award.

**Condition and Context:**

During our review of compliance with the uniform guidance requirements, we noted that the City did not have written procedures for determining the allowability of costs and the terms and conditions of the Federal award in fiscal year 2015. However, the City developed and implemented the written procedures during fiscal year 2016.

**Cause:**

The City was unaware that this grant was subject to the requirements of the Uniform Guidance, thus did not implement changes during fiscal year 2015.

**Effect:**

Failure to have a written policy for determining allowability of costs and the terms and conditions of the Federal award may result in noncompliance with Uniform Guidance requirements.

**Questioned Costs:**

There are no questioned costs.

**Recommendation:**

We recommend that the City identify grants that are subject to Uniform Guidance on a timely basis to ensure all compliance requirements are met.

**CITY OF SANTA ANA, CALIFORNIA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

**Management Response and Planned Corrective Action:**

The City has identified federal grants subject to the Uniform Guidance and implemented the Federal Grant Cost Allocation Procedures during fiscal year 2015-16 to ensure compliance with the requirements of the Uniform Guidance 2 CFR Part 200, Subpart E (Cost Principles).

**CITY OF SANTA ANA, CALIFORNIA**  
**Summary Schedule of Prior Year Findings**  
**For the Year Ended June 30, 2015**

**Prior Year Financial Statement Findings**

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

**CITY OF SANTA ANA, CALIFORNIA**  
**Summary Schedule of Prior Year Findings**  
**For the Year Ended June 30, 2015**

<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>
2014-001	Community Development Block Grants/Entitlement Grants	14.218	Real Estate Acquisition and Relocation Assistance	Implemented; The City has updated the Community Development Agency Housing Division Acquisition and Relocation Procedures Manual to include the OMB Circular A-133 voluntary acquisition requirements and procedures to ensure compliance.



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



CITY OF SANTA ANA  
CALIFORNIA

## **2015 Single Audit of Federal Grants and Other Financial Information**

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