

CITY OF SANTA ANA, CALIFORNIA
SINGLE AUDIT OF FEDERAL AWARDS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2017

CITY OF SANTA ANA, CALIFORNIA

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INDEPENDENT AUDITORS' 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*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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, 2017, 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 12, 2017.

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*.

We noted a certain matter that we have reported to management and the City Council in a separate letter dated December 12, 2017.

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.

White Nelson Dick Evans LLP

Irvine, California
December 12, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE, 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 US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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

Report on Compliance for Each Major Federal Program

We have audited the City of Santa Ana's (the City) compliance with the types of compliance requirements described in *Office of Management and Budget 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, 2017. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 the audit requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding Number 2017-001. 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 compliance 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 the Uniform Guidance, 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. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, the Schedule of Expenditures of State Awards Required by the State of California, and the Housing Authority of the City of Santa Ana Financial Data Schedules Required by the US Department of Housing and Urban Development

We have audited 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 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 12, 2017, 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, the 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 the Uniform Guidance, the State of California, and the US 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 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, the Schedule of Expenditures of State Awards, and the 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.

White Nelson Dick Evans LLP

Irvine, California

February 15, 2018, except for the Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, the Schedule of Expenditures of State Awards Required by the State of California, and the Housing Authority of the City of Santa Ana Financial Data Schedules Required by the US Department of Housing and Urban Development to which the date is December 12, 2017.

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

CITY OF SANTA ANA, CALIFORNIA

**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017**

Federal Grantor / Pass-Through Grantor / Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Awards Expenditures	Amount Provided to Subrecipients
US Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grants/Entitlement Grants:				
Community Development Block Grants	14.218	B-14-MC-06-0508	\$ 1,085,778	\$ 695,974
Community Development Block Grants	14.218	B-15-MC-06-0508	1,000,782	421,304
Community Development Block Grants	14.218	B-16-MC-06-0508	2,115,212	545,988
Community Development Block Grants	14.218	B-16-MC-06-0508(PI)	2,256,184	417,972
Community Development Block Grants	14.218	B-17-MC-06-0508(PI)	9,484	9,484
Neighborhood Stabilization Program 1	14.218	B-08-MN-06-0522(PI)	3,150	-
Subtotal Community Development Block Grants/ Entitlement Grants			6,470,590	2,090,722
Emergency Solutions Grant Program	14.231	E-15-MC-06-0508	47,180	45,511
Emergency Solutions Grant Program	14.231	E-16-MC-06-0508	422,478	350,790
			469,658	396,301
Section 8 Housing Choice Vouchers	14.871	SF-503 Voucher	32,778,342	-
Family Self-Sufficiency Program	14.896	CA093FSH650A015	51,110	-
Family Self-Sufficiency Program	14.896	CA093FSH080A016	55,853	-
			106,963	-
Home Investment Partnerships Program	14.239	M-12-MC-06-0535	184,233	-
Home Investment Partnerships Program	14.239	M-13-MC-06-0535	590,667	-
Home Investment Partnerships Program	14.239	M-14-MC-06-0535	6,089	-
Home Investment Partnerships Program	14.239	M-15-MC-06-0535	60,335	-
Home Investment Partnerships Program	14.239	M-15-MC-06-0535(PI)	591,833	-
Home Investment Partnerships Program	14.239	M-16-MC-06-0535(PI)	301,183	-
Home Investment Partnerships Program	14.239	M-17-MC-06-0535(PI)	229	-
			1,734,569	-
ARRA - Neighborhood Stabilization Program 2	14.256	B-09-LN-CA-0047(PI)	37,401	-
Housing Opportunities for Persons with AIDS	14.241	CA-H13-F0-06	1,582	-
Total US Department of Housing and Urban Development			41,599,105	2,487,023

(PI) = Program Income

CITY OF SANTA ANA, CALIFORNIA

**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017 (Continued)**

Federal Grantor / Pass-Through Grantor / Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Awards Expenditures	Amount Provided to Subrecipients
US Department of Labor				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Passed through CA Employment Development Department:				
WIOA Adult Program	17.258	K698383	\$ 304,607	\$ -
WIOA Adult Program	17.258	K7102060	884,025	-
			<u>1,188,632</u>	<u>-</u>
WIOA Dislocated Worker Formula Grants	17.278	K698383	406,973	-
WIOA Dislocated Worker Formula Grants	17.278	K7102060	383,735	-
WIOA Dislocated Worker Formula Grants (Rapid Response)	17.278	K698383	16,789	-
WIOA Dislocated Worker Formula Grants (Rapid Response)	17.278	K7102060	191,550	-
			<u>999,047</u>	<u>-</u>
WIOA Youth Activities	17.259	K698383	240,562	
WIOA Youth Activities	17.259	K7102060	853,161	423,700
			<u>1,093,723</u>	<u>423,700</u>
Passed through County of Orange Social Services Agency:				
WIOA Adult Program	17.258	16-28-0039-RWS-P	10,310	-
WIOA Dislocated Worker Formula Grants	17.278	16-28-0039-RWS-P	19,148	-
			<u>29,458</u>	<u>-</u>
Subtotal Workforce Innovation and Opportunity Act (WIOA) Cluster			3,310,860	423,700
Direct Program:				
H-1B Job Training Grants	17.268	HG-22593-12-60-A-6	1,158,537	994,236
Total US Department of Labor			<u>4,469,397</u>	<u>1,417,936</u>
US Department of Transportation				
Passed through CA Department of Transportation:				
Highway Planning and Construction:				
Highway Bridge Program	20.205	BPMP 5063(158)	859	-
National Highway Performance Program	20.205	BRLS-5063(153)	4,917	-
Demonstration Sec 117	20.205	DEMO 5063(145)	2,962,970	-
Highway Safety Improvement Program	20.205	HSIPL-5063(151)	106,785	-
Highway Safety Improvement Program	20.205	HSIPL-5063(152)	164,989	-
Highway Safety Improvement Program	20.205	HSIPL-5063(154)	607,574	-
Highway Safety Improvement Program	20.205	HSIPL-5063(155)	1,848	-
Highway Safety Improvement Program	20.205	HSIPL-5063(156)	840,913	-
Highway Safety Improvement Program	20.205	HSIPL-5063(157)	1,499	-
Subtotal Highway Planning and Construction			<u>4,692,354</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, 2017 (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 CA Office of Traffic Safety:				
State and Community Highway Safety:				
Selective Traffic Enforcement	20.600	PT16124	\$ 102,493	\$ -
Selective Traffic Enforcement	20.600	PT17117-1	226,301	-
Public Education on Bicycle Safety	20.600	PS1506	42,445	-
Public Education on Bicycle Safety	20.600	PS1716	3,273	-
			<u>374,512</u>	<u>-</u>
Total US Department of Transportation			<u>5,066,866</u>	<u>-</u>
US Department of Justice				
Direct Programs:				
Equitable Sharing Program (Asset Forfeiture)	16.922	-	<u>2,324,584</u>	<u>-</u>
Public Safety Partnership & Community Policing Grants	16.710	2014-UL-WX-0039	317,659	-
Public Safety Partnership & Community Policing Grants	16.710	2015-UL-WX-0003	634,009	-
Public Safety Partnership & Community Policing Grants	16.710	2016-UL-WX-0020	288,803	-
			<u>1,240,471</u>	<u>-</u>
Passed through County of Orange Sheriff's Department:				
Edward Byrne Memorial Justice Assistance Grant Program:				
Byrne Justice Assistance Grant 2014	16.738	2014-DJ-BX-0038	58,046	-
Byrne Justice Assistance Grant 2015	16.738	2015-DJ-BX-0226	88,392	-
Byrne Justice Assistance Grant 2016	16.738	2016-DJ-BX-0746	56,610	-
			<u>203,048</u>	<u>-</u>
Passed through Human Options:				
Culturally and Linguistically Specific Services Program	16.016	2016-WE-AX-0054	<u>2,012</u>	<u>-</u>
Total US Department of Justice			<u>3,770,115</u>	<u>-</u>
US Department of Homeland Security				
Passed through CA Office of Emergency Services:				
Homeland Security Grant Program:				
Urban Area Security Initiative 2015	97.067	2015-00078 059-95010	3,183,391	2,022,893
Urban Area Security Initiative 2016	97.067	2016-SS-0102	39,776	-
Subtotal Homeland Security Grant Program			<u>3,223,167</u>	<u>2,022,893</u>
Total US Department of Homeland Security			<u>3,223,167</u>	<u>2,022,893</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, 2017 (Continued)**

Federal Grantor / Pass-Through Grantor / Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Awards Expenditures	Amount Provided to Subrecipients
US Department of Health and Human Services				
Passed through Community Action Partnership of Orange County:				
Partnerships to Improve Community Health	93.331	1U58DP005861-01	\$ 222,532	\$ -
Partnerships to Improve Community Health	93.331	NU69DP005861-03	2,458	-
			<u>224,990</u>	<u>-</u>
Passed through County of Orange Social Services Agency:				
Temporary Assistance for Needy Families	93.558	WRR0415	<u>628,276</u>	<u>-</u>
Total US Department of Health and Human Services			<u>853,266</u>	<u>-</u>
US Institute of Museum and Library Services				
Direct Program:				
National Leadership Grants	45.312	LG-07-14-0067-14	<u>198,908</u>	<u>-</u>
US National Endowment for the Arts				
Direct Program:				
Promotion of the Arts Grants to Organizations and Individuals	45.024	59-0100-01-1-503	<u>66</u>	<u>-</u>
US Department of Treasury				
Direct Program:				
Equitable Sharing Program (Asset Forfeiture)	21.016	-	<u>1,358,206</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 60,539,096</u>	<u>\$ 5,927,852</u>

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

**SCHEDULE OF EXPENDITURES
OF STATE AWARDS**

CITY OF SANTA ANA, CALIFORNIA

**Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2017**

Grantor / Program Title	Program Identification Number	State Awards Expenditures
CA Department of Resources Recycling and Recovery		
Oil Payment Program	OPP5	\$ 44,234
Oil Payment Program	OPP6	90,759
Beverage Container Payment Program	FY 13/14	6,738
Beverage Container Payment Program	FY 14/15	77,580
		<u>219,311</u>
CA State Water Resources Control Board		
Proposition 40 Storm Water Grant Program	14-449-550-0	<u>39,088</u>
CA Department of Parks and Recreation		
Statewide Park Program - Prop 84	C6905016	<u>18,133</u>
CA Natural Resources Agency		
Urban Greening Grant Program - Prop 84	U59151-0	<u>326</u>
CA Department of Transportation		
Active Transportation Program	ATPL-5063(159)	50,189
Active Transportation Program	ATPL-5063(160)	122,321
Active Transportation Program	ATPL-5063(161)	72,643
Active Transportation Program	ATPL-5063(162)	792,168
Active Transportation Program	ATPL-5063(163)	345,030
Active Transportation Program	ATPL-5063(164)	604,832
Active Transportation Program	ATPL-5063(165)	159,720
Active Transportation Program	ATPL-5063(170)	184,723
Active Transportation Program	ATPL-5063(172)	89,904
		<u>2,421,530</u>
Total Expenditures of State Awards		<u>\$ 2,698,388</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**

CITY OF SANTA ANA, CALIFORNIA

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended June 30, 2017

1. BASIS OF PRESENTATION:

The accompanying Schedules of Expenditures of Federal and State Awards (the Schedules) include the federal and state award activities of the City of Santa Ana, California (the City), under programs of the federal government and the State of California, as well as federal and state financial assistance passed through other government agencies for the year ended June 30, 2017. The information in these Schedules is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's financial statements.

2. BASIS OF ACCOUNTING:

The accompanying Schedules are presented using the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in the Note 1 of the notes to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The information in these Schedules is presented in accordance with the requirements of the Uniform Guidance. 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.

3. INDIRECT COST RATE:

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. CONTINGENCIES:

Under the terms of federal and state grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

**HOUSING AUTHORITY OF THE CITY OF SANTA ANA
FINANCIAL DATA SCHEDULES**

CITY OF SANTA ANA, CALIFORNIA
Housing Authority of the City of Santa Ana
Financial Data Schedule of Assets, Liabilities, and Equity
June 30, 2017

Line Item No.	Account Description	Family Self-Sufficiency Program	Housing Choice Vouchers	Total
<u>Assets</u>				
Current Assets:				
111	Cash - Unrestricted	\$ -	\$ 635,957	\$ 635,957
113	Cash - Other Restricted	-	354,076	354,076
115	Cash - Restricted for Payment of Current Liabilities	-	104,486	104,486
100	Total Cash	-	1,094,519	1,094,519
Receivables:				
122	Accounts Receivable - HUD Other Projects	-	7,166	7,166
128	Fraud Recovery	-	24,517	24,517
128.1	Allowance for Doubtful Accounts - Fraud	-	(8,826)	(8,826)
129	Accrued Interest Receivable	-	1,792	1,792
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	24,649	24,649
142	Prepaid Expenses and Other Assets	-	23,026	23,026
150	Total Current Assets	-	1,142,194	1,142,194
Noncurrent Assets:				
Fixed Assets:				
164	Furniture, Equipment, and Machinery - Administration	-	-	-
166	Accumulated Depreciation	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	-	-	-
174	Other Assets	-	-	-
180	Total Noncurrent Assets	-	-	-
290	Total Assets and Deferred Outflows of Resources	\$ -	\$ 1,142,194	\$ 1,142,194
<u>Liabilities and Equity</u>				
Liabilities:				
312	Accounts Payable - HUD PHA Programs <=90 days	\$ -	\$ 6,352	\$ 6,352
322	Accrued Compensated Absences - Current Portion	-	27,127	27,127
331	Accounts Payable - HUD PHA Programs	-	346	346
342	Deferred Revenues	-	16,381	16,381
345	Other Current Liabilities	-	104,486	104,486
346	Accrued Liabilities - Other	-	-	-
310	Total Current Liabilities	-	154,692	154,692
Noncurrent Liabilities:				
353	Noncurrent Liabilities - Other	-	313,460	313,460
354	Accrued Compensated Absences - Noncurrent	-	81,380	81,380
350	Total Noncurrent Liabilities	-	394,840	394,840
300	Total Liabilities	-	549,532	549,532
Equity:				
509.3	Restricted Fund Balance	-	63,297	63,297
511.3	Assigned Fund Balance	-	529,365	529,365
513	Total Equity - Net Assets/Position	-	592,662	592,662
600	Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	\$ -	\$ 1,142,194	\$ 1,142,194

CITY OF SANTA ANA, CALIFORNIA

Housing Authority of the City of Santa Ana

Financial Data Schedule of Revenues, Expenses, and Changes in Equity

For the Fiscal Year Ended June 30, 2017

Line Item No.	Account Description	Family Self-Sufficiency Program	Housing Choice Vouchers	Total
Revenues				
70600	HUD PHA Operating Grants	\$ 106,963	\$ 32,180,825	\$ 32,287,788
71100	Investment Income - Unrestricted - ADMIN	-	7,741	7,741
71400	Fraud Recovery	-	133,720	133,720
71500	Other Revenue	-	281,514	281,514
72000	Investment Income - Restricted - HAP	-	-	-
70000	Total Revenue	<u>106,963</u>	<u>32,603,800</u>	<u>32,710,763</u>
Expenses				
Administrative:				
91100	Administrative Salaries	-	1,071,128	1,071,128
91200	Auditing Fees	-	21,252	21,252
91400	Advertising and Marketing	-	3,883	3,883
91500	Employee Benefit Contributions - Administrative	-	452,984	452,984
91600	Other Operating - Administrative	-	397,088	397,088
91800	Travel, Training, and Transportation	-	182	182
91810	Allocated Overhead	-	213,214	213,214
	Total Operating - Administrative Expenses	<u>-</u>	<u>2,159,731</u>	<u>2,159,731</u>
Tenant Services:				
92100	Tenant Services - Salaries	73,238	-	73,238
92300	Employee Benefit Contributions - Tenant Services	33,725	-	33,725
92500	Total Tenant Services	<u>106,963</u>	<u>-</u>	<u>106,963</u>
General Expenses:				
96140	All Other Insurance	-	-	-
96200	Other General Expenses	-	795,296	795,296
96210	Compensated Absences	-	-	-
96000	Total Operating - General Expenses	<u>-</u>	<u>795,296</u>	<u>795,296</u>
96900	Total Operating Expenses	<u>106,963</u>	<u>2,955,027</u>	<u>3,061,990</u>
97000	Excess Operating Revenue over Operating Expenses	-	29,648,773	29,648,773
97300	Housing Assistance (HA) Payments	-	29,591,486	29,591,486
97350	HA Portability-In	-	253,902	253,902
90000	Total Expenses	<u>106,963</u>	<u>32,800,415</u>	<u>32,907,378</u>
10093	Transfers between Program and Project-In	-	-	-
10094	Transfers between Program and Project-Out	-	-	-
10000	Excess (Deficiency) of Operating Revenues over (under) Expenses	<u>\$ -</u>	<u>\$ (196,615)</u>	<u>\$ (196,615)</u>
Memo Account Information:				
11030	Beginning Equity	\$ -	\$ 789,277	\$ 789,277
11040	Prior-Period Adjustments and Equity Transfers	-	-	-
11050	Changes in Compensated Absence Balance	-	-	-
11200	Unit Months Available	-	32,388	32,388
11210	Number of Unit Months Leased	-	31,109	31,109
11170	Administrative Fee Equity	-	529,365	529,365
11180	Housing Assistance Payments Equity	-	63,297	63,297
	Lines 11170 and 11180	<u>-</u>	<u>592,662</u>	<u>\$ 592,662</u>
	Line 513	<u>-</u>	<u>592,662</u>	<u>-</u>
		<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

CITY OF SANTA ANA, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2017

1. SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditors' report issued:

- Unmodified

Internal control over financial reporting:

- Material weakness identified? ___ yes x no
- Significant deficiency identified? ___ yes x none reported

Noncompliance material to financial statements noted: ___ yes x no

Federal Awards

Internal control over major programs:

- Material weakness identified? ___ yes x no
- Significant deficiency identified? ___ yes x none reported

Type of auditors' report issued on compliance for major programs:

- Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? x yes ___ no

See Finding Number 2017-001

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
14.239	Home Investment Partnerships Program
21.016	Equitable Sharing Program (Asset Forfeiture)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,816,173

Auditee qualified as low-risk auditee? x yes ___ no

CITY OF SANTA ANA, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

For the year ended June 30, 2017

2. FINDINGS RELATING TO FINANCIAL STATEMENTS:

None noted.

3. FINDINGS AND QUESTIONED COSTS RELATING TO MAJOR FEDERAL AWARDS:

Finding Number 2017-001 - Noncompliance: Equipment Management

Major Program

United States Department of Treasury, Direct Assistance, Equitable Sharing Program (Asset Forfeiture), Program Identification Not Available (CFDA No. 21.016).

Criteria

Uniform Guidance Title 2, Subtitle A, Chapter II, Part 200, Subpart D, §200.313 requires the recipient to keep equipment records, perform a physical equipment inventory at least once every two years, and implement an appropriate internal control system to safeguard and maintain the equipment purchased using federal funds.

Condition

The City purchased certain equipment using program funds during the year that were not included in the City's equipment listing.

Questioned Costs

No questioned costs.

Perspective Information

The total cost of the project, which includes equipment and maintenance contract, was approximately \$1.5M. Total amount allocated to equipment was \$220,824.

Cause

The department managing the grant did not have procedures in place to develop and maintain the equipment listing.

CITY OF SANTA ANA, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

For the year ended June 30, 2017

3. FINDINGS AND QUESTIONED COSTS RELATING TO MAJOR FEDERAL AWARDS
(CONTINUED):

Finding Number 2017-001 - Noncompliance: Equipment Management (Continued)

Effect

Since the equipment is not in the list, it is excluded from the annual physical inventory and other management requirements under Uniform Guidance Title 2, Subtitle A, Chapter II, Part 200, Subpart D, §200.313.

Recommendation

We recommend that City establish procedures to ensure that all equipment purchased using program funds are included in the equipment listing and is managed in accordance with Uniform Guidance Title 2, Subtitle A, Chapter II, Part 200, Subpart D, §200.313.

Management's Response

The department managing the grant will develop and implement procedures to ensure that all equipment purchased using grant program funds will be tracked and managed in accordance with the Uniform Guidance requirements.

CITY OF SANTA ANA, CALIFORNIA

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS

For the year ended June 30, 2017

1. FINDINGS RELATING TO FINANCIAL STATEMENTS:

None noted.

2. FINDINGS AND QUESTIONED COSTS RELATING TO MAJOR FEDERAL AWARDS:

None noted.