

SINGLE AUDIT REPORTS
SAN DIEGO HOUSING COMMISSION
JUNE 30, 2009

San Diego Housing Commission

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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

To the Board of Commissioners
San Diego Housing Commission

We have audited the financial statements of San Diego Housing Commission as of and for the year ended June 30, 2009, and have issued our report thereon dated December 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered San Diego Housing Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Diego Housing Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions and regulations 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 certain matters involving the internal control over financial reporting which we have reported to the management of the Commission in a separate letter dated December 4, 2009.

This report is intended solely for the information and use of the Audit Committee, the Board of Commissioners, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Reznick Group, P.C.

Sacramento, California
December 4, 2009

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
San Diego Housing Commission

Compliance

We have audited the compliance of San Diego Housing Commission with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. San Diego Housing Commission's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of San Diego Housing Commission's management. Our responsibility is to express an opinion on San Diego Housing Commission's compliance based on our audit.

We conducted our audit 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 San Diego Housing Commission'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. Our audit does not provide a legal determination on San Diego Housing Commission's compliance with those requirements.

In our opinion, San Diego Housing Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of San Diego Housing Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered San Diego Housing Commission's internal control over compliance with the types of compliance requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's 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 noncompliance with a type of compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a major program that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a major program will not be prevented or detected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of San Diego Housing Commission as of and for the year ended June 30, 2009, and have issued our report thereon dated December 4, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



This report is intended solely for the information and use of the Audit Committee, the Board of Commissioners, management, others within the Commission and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Reznick Group, P.C.

Sacramento, California
December 4, 2009

San Diego Housing Commission

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2009

Federal Grantor / Passthrough Grantor Program Title:	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures Amount
<i>Passed-Through Programs</i>			
U.S. Department of Housing and Urban Development			
CDBG (City)-Passed through the City of San Diego	14.218	B-04-MC-06-0542	\$ 281,497
CDBG (County)-Passed through the County of San Diego	14.218	B-04-UC-06-0501	60,000
Healthy Homes-Passed through the City of San Diego	14.901	1H1BCS00074-1	<u>23,872</u>
Subtotal			<u>365,369</u>
<i>Direct Programs</i>			
U.S. Department of Health and Human Services			
Asset For Independence	93.602	90EI04821/01	<u>125,000</u>
U.S. Department of Housing and Urban Development			
Shelter Plus Care: CA16C70-1022	14.238	CA16C701022	126,181
Shelter Plus Care: CA16C94-0081	14.238	CA16C940081	225,572
Shelter Plus Care: CA16C70-1021	14.238	CA16C701021	92,577
Shelter Plus Care: CA16C00-1001	14.238	CA16C001001	68,998
Shelter Plus Care: CA16C70-1017	14.238	CA16C601017	187,292
Shelter Plus Care: CA16C70-1018	14.238	CA16C601018	149,313
Shelter Plus Care: CA16C70-1019	14.238	CA16C601019	76,249
Shelter Plus Care: CA16C70-1020	14.238	CA16C701020	199,493
Shelter Plus Care: CA16C40-1001	14.238	CA16C401001	398,384
Shelter Plus Care: CA16C70-1001	14.238	CA16C701001	<u>146,675</u>
Subtotal			<u>1,670,735</u>
HOME Program - 99/00/01/02/03	14.239 ¹	M-99/00/01/02/03- MC-06-0533	<u>6,915,149</u>
Section 8 Moderate Rehabilitation			
Project 1 -MR1	14.856	CA063MR0001	83,495
Project 2 -MR2	14.856	CA063MR0002	41,474
Project 3 -MR3	14.856	CA063MR0003	23,361
Project 7 -MR7	14.856	CA063MR0007	<u>300,039</u>
Subtotal			<u>448,369</u>

(continued)

San Diego Housing Commission

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended June 30, 2009

Federal Grantor / Passthrough Grantor Program Title:	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures Amount
Housing Assistance Payments Program:			
For Low Income Families - Voucher	14.871 ¹	CA063VO	146,169,931
HCV FSS Homeowner Coordinator	14.871 ¹	CA063FSF003	131,586
HCV FSS Homeownership	14.871 ¹	CA063FSH004	61,381
HCV FSS Homeowner Coordinator	14.871 ¹	CA063FSF004	119,343
HCV FSS Homeownership	14.871 ¹	CA063FSH005	63,714
Subtotal			146,545,955
Resident Opportunity and Supportive Services			
Neighborhood Networks-FFY04	14.870	CA063REF005A004	58
Resident Opport and Support Serv-Neighborhood Network-FFY06	14.870	CA063RNN053A006	20,786
Subtotal			20,844
Economic Development Initiative	14.251	B06SPCA0131	148,500
Public Housing Capital Fund 501-05	14.872	CA16P06350105	23,023
Public Housing Capital Fund 501-06	14.872	CA16P06350106	188,118
Public Housing Capital Fund 501-07	14.872	CA16P06350107	357,335
Subtotal			568,476
LEAD			
Lead-Based Paint Abatement: CALHD0141-05	14.900	CALHD0141-05	522,172
Lead-Based Paint Abatement: CALHB0288-05	14.900	CALHB0288-05	333,571
Lead Reduction CALHD018008	14.900	CALHD018008	104,835
Lead Paint CALHB038108	14.900	CALHB038108	131,966
Subtotal			1,092,543

(continued)

San Diego Housing Commission

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended June 30, 2009

Federal Grantor / Passthrough Grantor Program Title:	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures Amount
Operating Fund			
AMP 1: CA063-00000109D	14.850A ¹	CA063-00000109D	779,336
AMP 2: CA063-00000209D/208D	14.850A ¹	CA063-00000209D/208D	761,908
AMP 3: CA063-00000309D/308D	14.850A ¹	CA063-00000309D/308D	607,145
AMP 4: CA063-00000409D/408D	14.850A ¹	CA063-00000409D/408D	808,854
AMP 5: CA063-00000509D/508D	14.850A ¹	CA063-00000509D/508D	808,594
AMP 6: CA063-00000609D/608D	14.850A ¹	CA063-00000609D/608D	775,585
AMP 7: CA063-00000709D/708D	14.850A ¹	CA063-00000709D/708D	<u>46,065</u>
Subtotal			<u>4,587,487</u>
DVP			
Disaster Voucher Program	14. DVP	CA063DVP	<u>7,162</u>
Subtotal			<u>7,162</u>
NEW			
HUD VASH program - CA063VA0001	14.VSH	CA063VA0001	<u>1,193,802</u>
Subtotal			<u>1,193,802</u>
TOTAL			<u><u>\$ 163,689,392</u></u>

I - audited as major programs

See accompanying notes to the Schedule of Expenditures of Federal Awards

San Diego Housing Commission

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2009

NOTE 1 - REPORTING ENTITY

San Diego Housing Commission (the Commission) is a government agency formed by the City of San Diego (the City) under Ordinance No. 2515 on December 5, 1978 in accordance with the Housing Authority Law of the State of California. The Commission is an integral part (component unit) of the reporting entity of the City. The Commission primarily serves low income families by providing housing assistance payments, rental housing, loans and grants to individuals and not-for-profit organizations and other services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The expenditures included in the Schedule of Expenditures of Federal Awards (the Schedule) were reported under the accrual basis of accounting.

Schedule of Expenditures of Federal Awards

The Schedule summarizes the expenditures of the Commission under the programs of the federal government for the year ended June 30, 2009. Award amounts may represent multi-year awards while the expenditures represent current year expenditures only.

The Schedule presents only the expenditures incurred by the Commission that are reimbursable under federal programs of federal agencies providing financial assistance. For the purpose of the Schedule, financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the Commission from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the Schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the Schedule.

The Schedule was prepared from only the accounts of the grant programs and, therefore does not represent the financial position or results of operations of the Commission.

San Diego Housing Commission

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of San Diego Housing Commission.
2. No significant deficiencies were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of San Diego Housing Commission were disclosed during the audit.
4. No significant deficiencies were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for San Diego Housing Commission expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for San Diego Housing Commission.
7. The programs tested as major programs include:

<u>Major Programs</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures Amount</u>
Housing Assistance Payments Program	14.871	\$ 146,545,955
HOME Investment Partnership Program	14.239	6,915,149
Operating Funds (AMPs)	14.850A	<u>4,587,487</u>
Total Major Program Expenditures		<u>\$ 158,048,591</u>
Total Federal Award Expenditures		<u>\$ 163,689,392</u>
Percentage of total federal award expenditures		<u>97%</u>

8. The threshold for distinguishing Type A and B programs was \$3,000,000.
9. San Diego Housing Commission was determined to be a low-risk auditee.

San Diego Housing Commission

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

June 30, 2009

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No matters were reported.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT

No matters were reported.