Community Development Commission of the County of Los Angeles, California
Single Audit Report
As of and for the Year Ended June 30, 2015
with Report of Independent Auditors
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As of and for the Year Ended June 30, 2015
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REPORTS OF INDEPENDENT AUDITORS

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Report of Independent Auditors on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

The Honorable Members of the Board of Commissioners  
Community Development Commission of the  
County of Los Angeles, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Community Development Commission of the County of Los Angeles, California (Commission), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated November 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 result of that testing, and not to provide an opinion on the effectiveness of the Commission’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.

Vasquez + Company LLP

Los Angeles, California
November 25, 2015

The Honorable Members of the Board of Commissioners
Community Development Commission of the
County of Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited the Community Development Commission of the County of Los Angeles, California’s (the Commission) 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 Commission’s major federal programs for the year ended June 30, 2015. The Commission’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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission’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 programs occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission’s compliance.
Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Commission 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 Commission’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 its major federal programs 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 Commission’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 or significant deficiencies may exist that have not been identified.

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

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 Commission as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements. We issued our report thereon dated November 25, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. 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 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Los Angeles, California
November 25, 2015
## Community Development Commission of the County of Los Angeles, California

### Schedule of Expenditures of Federal Awards

#### Year ended June 30, 2015

<table>
<thead>
<tr>
<th>Federal Grantor/Program Title</th>
<th>Catalog of Federal Domestic Assistance Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Housing and Urban Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Direct Programs:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Income Housing Assistance Program</td>
<td>14.856</td>
<td>$ 429,958</td>
</tr>
<tr>
<td>Section 8 Moderate Rehabilitation</td>
<td>14.218</td>
<td>23,597,230</td>
</tr>
<tr>
<td>Community Development Block Grants</td>
<td>14.231</td>
<td>1,785,181</td>
</tr>
<tr>
<td>Emergency Solutions Grant Program</td>
<td>14.238</td>
<td>8,393,876 *</td>
</tr>
<tr>
<td>Shelter Plus Care</td>
<td>14.239</td>
<td>6,142,758</td>
</tr>
<tr>
<td>HOME Investment Partnerships Program</td>
<td>14.850</td>
<td>8,869,737 *</td>
</tr>
<tr>
<td>Public and Indian - Owned Housing Program</td>
<td>14.870</td>
<td>254,545</td>
</tr>
<tr>
<td>Resident Opportunity and Supportive Services</td>
<td>14.871</td>
<td>242,869,341 *</td>
</tr>
<tr>
<td>Section 8 Housing Choice Vouchers</td>
<td>14.871</td>
<td>2,314,092 *</td>
</tr>
<tr>
<td>Section 8 Rental Certificate Program - Project Based</td>
<td>14.857</td>
<td>2,689,465 *</td>
</tr>
<tr>
<td>Public Housing Capital Fund</td>
<td>14.896</td>
<td>277,938</td>
</tr>
<tr>
<td><strong>Total U.S. Department of Housing and Urban Development - Direct Programs</strong></td>
<td></td>
<td>297,624,121</td>
</tr>
<tr>
<td><strong>Indirect Programs - Passed through the City of Los Angeles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Opportunities for Persons with AIDS (HOPWA) Program</td>
<td>14.241</td>
<td>63,404</td>
</tr>
<tr>
<td><strong>Total U.S. Department of Housing and Urban Development</strong></td>
<td></td>
<td>297,687,525</td>
</tr>
<tr>
<td><strong>U.S. Department of Transportation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Direct Program:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airport Improvement Program</td>
<td>20.106</td>
<td>13,904,783</td>
</tr>
<tr>
<td><strong>U.S. Department of Commerce</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Direct Program:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Adjustment Assistance</td>
<td>11.307</td>
<td>14,668,325 * **</td>
</tr>
<tr>
<td><strong>Total Expenditures of Federal Awards</strong></td>
<td></td>
<td>$ 326,260,633</td>
</tr>
</tbody>
</table>

* Major programs.

** In determining Type A programs, this program requires that the following be considered as part of expenditures of federal awards:

1. Balance of Revolving Loan Fund (RLF) loans outstanding at the end of the fiscal year $ 7,674,023
2. Cash and investment balance in the RLF at the end of the fiscal year 6,123,101
3. Expenses paid out of RLF during the fiscal year 871,201

Total expenditures of federal awards considered in determining Type A programs $ 14,668,325

See accompanying notes to the Schedule of Expenditures of Federal Awards and Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
NOTE 1  GENERAL

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of all federal award programs of the Community Development Commission of the County of Los Angeles, California (Commission), a component financial reporting unit of the County of Los Angeles, California. The Commission’s reporting entity is defined in note 1 of the notes to the Commission’s basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies to the Commission are included in the accompanying SEFA.

NOTE 2  BASIS OF ACCOUNTING

The accompanying SEFA is presented using the basis of accounting prescribed by the respective granting agency. Differences between the granting-agency basis of accounting and the modified-accrual basis of accounting used by the Commission in preparing its governmental fund financial statements are as follows:

- Amounts disbursed in exchange for notes receivable are treated as expenditures under the granting-agency basis of accounting.
- Notes receivable collections are treated as grant income under the granting-agency basis of accounting.
- Principal payments of long-term debt are treated as a reduction of the long-term debt and are not considered to be expenditures under the granting-agency basis of accounting.

NOTE 3  RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Total expenditure amounts reported in the accompanying schedule of expenditures of federal awards agree with the total expenditure amounts reported in the related federal financial reports in all material respects, except for the effect of timing differences and the differences described in Note 2.

NOTE 4  RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

Federal award activities are recorded in the Commission’s Special Revenue and Enterprise Funds in the basic financial statements.
NOTE 5  PUBLIC HOUSING CAPITAL FUND

Public Housing Capital Fund (CFDA # 14.872) expenditures were broken down as follows:

<table>
<thead>
<tr>
<th>Program Identification Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA16P002501-13</td>
<td>$ 97,935</td>
</tr>
<tr>
<td>CA16P002501-14</td>
<td>2,591,530</td>
</tr>
<tr>
<td></td>
<td><strong>$ 2,689,465</strong></td>
</tr>
</tbody>
</table>
Community Development Commission of the County of Los Angeles, California
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued on the financial statements    Unmodified

Internal control over financial reporting
  Material weakness(es) identified   No
  Significant deficiency(ies) identified None reported

Noncompliance material to financial statements noted    No

Federal Awards

Internal control over its major programs
  Material weakness(es) identified   No
  Significant deficiency(ies) identified None reported

Type of auditors’ report issued on compliance with respect to major programs    Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB A-133 None

Identification of Major Programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.238</td>
<td>Shelter Plus Care</td>
</tr>
<tr>
<td>14.850</td>
<td>Public and Indian – Owned Housing Program</td>
</tr>
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<td>Section 8 Rental Certificate Program – Project Based</td>
</tr>
<tr>
<td>14.872</td>
<td>Public Housing Capital Fund</td>
</tr>
<tr>
<td>11.307</td>
<td>Economic Adjustment Assistance</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs    $3,000,000

Auditee qualified as a low-risk auditee    Yes
Section II – Financial Statement Findings

There were no financial statement findings noted during the fiscal year ended June 30, 2015.

Section III – Federal Award Findings

There were no federal award findings noted during the fiscal year ended June 30, 2015.
Section IV – Status of Prior Year Findings

There were no findings noted during the fiscal year ended June 30, 2014.
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