

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Commissioners
Regional Housing Authority of Sutter and Nevada Counties
Yuba City, California

In planning and performing our audit of the financial statements of Regional Housing Authority of Sutter and Nevada Counties, (the Authority) as of and for the year ended March 31, 2015, 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, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are described in the attached appendix.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. It is our intention to use our knowledge of the Authority gained during our work to make comments and suggestions that will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This communication is intended solely for the information and use of management, the Board of Commissioners and others with the Authority and is not intended to be and should not be used by anyone other than these specified parties.



Smith & Newell, CPAs
Yuba City, California
September 30, 2015

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REGIONAL HOUSING AUTHORITY OF SUTTER AND NEVADA COUNTIES

Appendix A: Management Letter Comments

For the Fiscal Year Ended March 31, 2015

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Year End Closing Process

Condition

At the time of our audit we noted financial statements as presented to us contained misstatements that required adjustments. Many of these adjustments were noted by the Authority and presented to us during our audit fieldwork. However, some of the adjustments were noted as a part of the audit process.

Cause

The process to close the Authority's accounting records and produce the annual financial report is labor intensive and the reports produced by the accounting system can require additional analysis and reconciliation.

Criteria

Government auditing standards require independent auditors to evaluate all unadjusted misstatements of financial statements. Also producing timely audited financial statements is more difficult when adjustments are not recorded prior to the start of the annual audit.

Effect of Condition

The financial statements as presented to us for audit contained misstatements and required adjustment.

Recommendation

We recommend that the Authority strive to record all adjustments in a timely manner so that required adjustments can be recorded prior to the start of the annual audit.

Corrective Action Plan

Although it is the Housing Authority's intent to ensure all data is posted to the agency's database prior to the annual audit, the following events are noted:

- OPEB - The ending balance of the previous 5-year actuarial did not match the beginning balance of the new actuarial. The actuarial company was contacted and after providing a revised schedule, appropriate adjustments were made to the general ledger.
- Accrued Compensated Absences Long-Term - Minor adjustments to current versus long-term values were required that did not affect the combined total.
- Retentions - In the past, the Housing Authority has not recorded the retention portion of a major contract until payment is due. Steps have been taken to ensure future postings are made at the time of invoicing.
- Maple Park Investment - The Housing Authority's investment was posted to the trial balance.

REGIONAL HOUSING AUTHORITY OF SUTTER AND NEVADA COUNTIES

Appendix A: Management Letter Comments

For the Fiscal Year Ended March 31, 2015

CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

Year End Closing Process (Continued)

Corrective Action Plan (Continued)

- Net investment in capital assets - Minor calculations to net investment in capital assets versus actual balances were required that did not affect the combined total.

REGIONAL HOUSING AUTHORITY OF SUTTER AND NEVADA COUNTIES

Appendix A: Management Letter Comments

For the Fiscal Year Ended March 31, 2015

STATUS OF PRIOR YEAR RECOMMENDATIONS

Year End Closing Process

Prior Year Recommendation

We recommend that the Authority strive to record all adjustments in a timely manner so that required adjustments can be recorded prior to the start of the annual audit.

Status of Prior Year Recommendation

In Progress

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