



Single Audit Report on Federal Awards for
City of Riverside, California
June 30, 2013

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

CONTENTS

	PAGE
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 <i>GOVERNMENT AUDITING STANDARDS</i>	1-2
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133	3-5
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6-8
Notes to the schedule of expenditures of federal awards	9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	11

REPORTS ISSUED SEPARATELY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

**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***

Honorable Mayor and Members of the City Council
City of Riverside
3900 Main Street
Riverside, 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, the budgetary comparison of the general fund, and the aggregate remaining fund information of the City of Riverside, California (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 25, 2013.

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 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 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.

A handwritten signature in black ink that reads "Moss Adams LLP".

Los Angeles, California
October 25, 2013

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and Members of the City Council
City of Riverside
3900 Main Street
Riverside, California

Report on Compliance for Each Major Federal Program

We have audited the City of Riverside, California's (the "City's") compliance with the types of compliance requirements described in the *Office of Management and Budget ("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, 2013. 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.

MOSS ADAMS_{LLP}

Opinion on Each Major Federal Program

In our opinion, the City of Riverside, California 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, 2013.

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 a 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, 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 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 City of Riverside as of and for the year ended June 30, 2013, and have issued our report thereon dated October 25, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements 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 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 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 financial statements or to the 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 financial statements as a whole.

Moss Adams LLP

Los Angeles, California

November 4, 2013

**CITY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Exp. through 6/30/2013
U.S. Department of Agriculture			
Direct Programs:			
Summer Food Service Program for Children	10.559	N/A	\$ 178,942
Total U.S. Department of Agriculture			<u>178,942</u>
U.S. Department of Commerce			
Direct Programs:			
Public Works and Economic Development	11.300	N/A	\$ 129,300
			<u>129,300</u>
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grants/Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	N/A	3,742,960
Housing and Economic Recovery Act 2008			
Neighborhood Stabilization Program 1 and 3	14.218	N/A	916,572
Subtotal Community Development Block Grants/Entitlement Grants Cluster			<u>4,659,532</u>
Emergency Shelters Grant Program	14.231	N/A	93,256
Supportive Housing Program	14.235	N/A	543,760
HOME Investment Partnerships Program	14.239	N/A	688,884
Housing Opportunities for Persons with AIDS	14.241	N/A	1,869,911
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	N/A	17,799
Pass-through County of Riverside:			
ARRA Homelessness Prevention & Rapid Re-Housing Program	ARRA - 14.257	S-09-MY-06-0538	<u>69,572</u>
Total U.S. Department of Housing and Urban Development			7,942,714
U.S. Department of Interior			
Direct Programs:			
Historic Preservation Fund Grants-In-Aid	15.904	N/A	18,574
Total U.S. Department of Interior			<u>18,574</u>
U.S. Department of Justice			
Direct Programs:			
Equitable Sharing Program	16.922	N/A	906,431
Bulletproof Vest Partnership	16.607	N/A	10,254
COPS	16.710	N/A	1,473,526
Edward Byrne Memorial Formula Grant Program	16.579	N/A	277,845
Edward Byrne Memorial Justice Assistance Cluster			
Edward Byrne Memorial Justice Assistance	16.738	N/A	142,318
Subtotal Edward Byrne Memorial Justice Assistance Cluster			<u>142,318</u>
Pass-through Drug Enforcement Agency:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants program	16.580	95-6000930	<u>16,559</u>
Total U.S. Department of Justice			2,826,933
			(continued)

**CITY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Exp. through 6/30/2013
Executive Office of the President - Office of National Drug Control Policy			
Pass-through State:			
High Intensity Drug Trafficking Areas (HIDTA) Program	95.001	07-I5PLAP540Z	<u>198,536</u>
Total Executive Office of the President - Office of National Drug Control Policy			198,536
U.S. Department of Transportation			
Direct Programs:			
Airport Improvement Program	20.106	N/A	891,933
Federal Transit Metropolitan Planning Grants	20.505	N/A	11,146
Federal Transit Cluster			
Federal Transit Formula Grants	20.507	N/A	314,047
ARRA Federal Transit Formula Grants	ARRA - 20.507	N/A	<u>126,733</u>
Highway Planning and Construction Cluster			<u>440,780</u>
Pass-through the California Department of Transportation:			
Highway Planning and Construction	20.205	N/A	1,623,146
Pass-through State of California Office of Traffic Safety			
State and Community Highway Safety	20.600	various	44,947
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	various	<u>419,939</u>
Total U.S. Department of Transportation			3,431,891
U.S. Department of Treasury			
Direct Programs:			
Asset forfeiture	21.000	N/A	<u>227,851</u>
Total U.S. Department of Treasury			227,851
Institute of Museum and Library Services			
Pass-through State of California			
Grants to States	45.310	LS-00-10-0006-10	<u>14,133</u>
Total Institute of Museum and Library Services			14,133
Environmental Protection Agency			
Direct Programs:			
Brownsfield Job Training Coop Agreements	66.815	N/A	<u>333</u>
Total Environmental Protection Agency			333
U.S. Department of Energy			
Direct Program:			
ARRA Energy Efficiency & Conservation Block Grant	ARRA - 81.128	N/A	<u>38,229</u>
Total U.S. Department of Energy			<u>38,229</u>

(continued)

**CITY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-through <u>Grantor/Program Title</u>	Federal CFDA <u>Number</u>	Pass-through Entity Identifying <u>Number</u>	Federal Exp. through <u>6/30/2013</u>
U.S. Department of Homeland Security			
Direct Programs:			
National Urban Search and Rescue (US&R)			
Response System	97.025	N/A	1,034,620
Assistance to Firefighters Grant	97.044	95-60000930	55,774
Pass-through Riverside County:			
Emergency Management Performance Grant	97.042	2011-0048	42,077
Homeland Security Grant Program	97.067	various	53,884
Pass-through California Emergency Management Agency:			
Homeland Security Grant Program - State Homeland Security	97.067	various	71,412
Pass-through State of California:			
Homeland Security Grant Program - Urban Areas Security Initiative	97.067	065-62000	4,765,281
Pass-through City of Los Angeles:			
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	C-117607	<u>10,271</u>
Total U.S. Department of Homeland Security			6,033,319
 Total Federal Expenditures			 <u>\$ 21,040,755</u>

**CITY OF RIVERSIDE, CALIFORNIA
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2013**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Riverside, California (the "City") under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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. Pass-through entity identifying numbers are presented where available.

Note 3 - Subrecipients

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

Federal awarding agency and program name	CFDA	Federal Expenditures
U.S. Department of Housing and Urban Development		
Community Development Block Grant	14.218	\$ 614,629
Emergency Shelters Grant Program	14.231	93,256
HOME Investment Partnerships Program	14.239	610,835
Housing Opportunities for Persons with AIDS	14.241	1,810,464
U.S. Department of Homeland Security		
Urban Areas Security Initiative	97.067	\$ 2,829,564
U.S. Department of Justice		
Edward Byrne Memorial Formula Grant Program	16.579	\$ 198,228
U.S. Department of Transportation		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	\$ 132,279

**CITY OF RIVERSIDE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of Major Programs

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued</i>
16.922	Equitable Sharing Program	<i>Unmodified</i>
20.106	Airport Improvement Program	<i>Unmodified</i>
20.507/ARRA-20.507	Federal Transit Cluster	<i>Unmodified</i>
97.067	Homeland Security Grant Programs	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$631,223

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

**CITY OF RIVERSIDE, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

There were no findings disclosed in the Single Audit Report for the year ended June 30, 2012 that require follow up.