

# ***HOUSING AUTHORITY OF THE CITY OF NEEDLES***

**Management Letter**

**Year Ended June 30, 2023**



**smithmarion**  
connected . focused . understandable

- t: (909) 307-2323
- f: (909) 825-9900
- 1940 orange tree lane #100
- redlands, ca 92374



March 15, 2024

To the Management and Governing Body of  
Housing Authority of the City of Needles

Ladies and Gentlemen:

In planning and performing our audit of the basic financial statements of Housing Authority of the City of Needles Authority (Authority) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and/or significant deficiencies and, therefore, material weaknesses and/or significant deficiencies may exist that were not identified.

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.

Exhibit I to this Management Letter lists any deficiencies in internal control, substantive matters, and/or other issues encountered during our audit.

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

Sincerely,

A handwritten signature in blue ink that reads 'Smith Marion & Co'.



## EXHIBIT I

### MANAGEMENT LETTER COMMENTS

We identified certain deficiencies in internal control that we consider to be significant deficiencies that should be brought to your attention:

#### **Finding 2023-001**

##### ***Prior Period Restatement to Accumulated Depreciation – Significant Deficiency***

*Condition and Context:* During the audit for the year ended June 30, 2023, accumulated depreciation in the prior year was overstated by \$61,020 due to a miscalculation in the depreciation schedule from 2013 and 2019.

*Effect or Potential Effect:* A prior period adjustment was made during the current fiscal year to reduce accumulated depreciation in the current year and decrease equity to reflect it as if it were in the prior year.

*Cause:* Controls were not in place to review fixed asset listing at or near year end to ensure that all asset accounts are being properly recorded.

*Recommendation:* Accountants should be reviewing capital assets and depreciation to ensure they are properly recorded.

We have identified certain matters involving the internal control and other operational matters that are not considered significant deficiencies or material weaknesses. These matters do not affect our report dated March 15, 2024 on the financial statements of the Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control, or result in other operating efficiencies.

Our comments are summarized as follows:

##### **Prior-Period Adjustments**

We noted that a prior period adjustment relating to building improvements and equipment was needed in order to correct accumulated depreciation. When depreciation is not properly recorded, the financial information provided to management and those charged with governance may not be accurate or correct. We recommend reviewing the depreciation schedule and ensuring it is calculated properly.