

**CITY OF GLENDALE,
CALIFORNIA**

SINGLE AUDIT REPORT

JUNE 30, 2006

CITY OF GLENDALE
SINGLE AUDIT REPORT
JUNE 30, 2006

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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 Honorable Mayor and
Members of the City Council and Audit Committee
Glendale, California

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, California (the City) as of and for the year ended June 30, 2006, and have issued our report thereon dated November 17, 2006. 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 the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City'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 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*.

However, we noted certain matters that we reported to management of the City of Glendale in a separate letter dated November 17, 2006.

This report is intended solely for the information and use of the Audit Committee, the Honorable Mayor and Members of the City Council, management of the City of Glendale, federal and state awarding agencies and pass-through entities, and is not intended to be and used by anyone other than these specified parties.

Newmill, Tami, Day! Co., LLP

Rancho Cucamonga, California
November 17, 2006



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

To the Honorable Mayor and
Members of the City Council and Audit Committee
City of Glendale, California

Compliance

We have audited the compliance of the City of Glendale, California, (the City) with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of the City's major federal programs for the year ended June 30, 2006. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City 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, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with 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.

Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses. However, we noted certain matters that we reported to management of the City of Glendale in a separate letter dated January 5, 2007.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale as of and for the year ended June 30, 2006, and have issued our report thereon dated November 17, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City's 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 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 Honorable Mayor and Members of the City Council, management, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrmik, Tami. Day 1 Co. LCP

Rancho Cucamonga, California
January 5, 2007

CITY OF GLENDALE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

| Grantor/Pass-through Grantor/Program and/or Project Title | Federal CFDA Number | Pass-through Entity or Grant Identifying Number | Federal Expenditures |
|---|---------------------------|---|--------------------------|
| U.S. Department of Agriculture | | | |
| Pass-through Los Angeles County Department of Community and Senior Citizens Services: Food Distribution Program | 10.570 | CK42141 | \$ 28,100 |
| Total U.S. Department of Agriculture | | | <u>28,100</u> |
| U.S. Department of Health and Human Services | | | |
| Direct Program: Health and Human Services Health Clinic | 93.887 | C76HF01078-01-01 | <u>85,565</u> |
| FY 2002 Metropolitan Medical Response System | 93.233 | 2003-0023 | <u>72,006</u> |
| Pass-through Los Angeles County Department of Community and Senior Citizens Services: Aging Cluster | | | |
| Special Programs for the Aging - Title VII | 93.042 | CK42350 | 65,248 |
| Special Programs for the Aging-Title III, Part B | 93.044 | CK42141 | 906 |
| Special Programs for the Aging-Title III, Part C | 93.045 | CK42141 | <u>215,830</u> |
| Total Aging Cluster | | | <u>281,984</u> |
| CalWORKs Youth Program | 93.556 | 20133 | <u>263,806</u> |
| Total U.S. Department of Health and Human Services | | | <u>703,361</u> |
| U.S. Department of Housing and Urban Development: | | | |
| Direct Programs: | | | |
| Home Investment Partnership Act [1] | 14.239 | M-03-MC-06-0512 | 3,309,021 |
| Community Development Block Grant Entitlement Program | 14.218 | B-03-MC-06-0518 | 4,482,149 |
| Emergency Shelter Grants Program | 14.231 | S-03-MC-06-0518 | 131,568 |
| Supportive Housing Program-WCC Assistance for Families | 14.235 | CA16B11-2005 | 19,068 |
| Supportive Housing Program-Project Achieve Supportive Housing | 14.235 | CA16B21-2001 | 111,968 |
| Supportive Housing Program-Family Scatter Site/ Tran Hous | 14.235 | CA16B31-2012 | 31,807 |
| Supportive Housing Program-Hamilton Court | 14.235 | CA16B31-2014 | 61,433 |
| Supportive Housing Program-Freedom House | 14.235 | CA16B31-2011 | (7,050) |
| Supportive Housing Program-Project Achieve Supportive Housing | 14.235 | CA16B31-2010 | 126,488 |
| Supportive Housing Program-HMIS | 14.235 | CA16B31-2012 | 43,618 |
| Supportive Housing Program-Family Scatter Site/ Tran Hous | 14.235 | CA16B31-2012 | 115,956 |
| Supportive Housing Program-Hamilton Court | 14.235 | CA16B41-2007 | 103,694 |
| Supportive Housing Program-Transitional Housing | 14.235 | CA16B41-2006 | 143,223 |
| Supportive Housing Program-Project Achieve Supportive Housing | 14.235 | CA16B41-2002 | 504,501 |
| Supportive Housing Program-HMIS | 14.235 | CA16B41-2003 | <u>45,566</u> |
| Sub-total | | | <u>1,300,272</u> |
| Special Needs Assistance - 1998 Shelter Care Plus Grant | 14.238 | CA16C81-2001 | 118,354 |
| Special Needs Assistance - 1999 Shelter Care Plus Grant | 14.238 | CA16C91-2001 | 68,068 |
| Special Needs Assistance - 2001 Shelter Care Plus Grant | 14.238 | CA16C11-2001 | <u>70,065</u> |
| Sub-total | | | <u>256,487</u> |
| Section 8-Housing Assistance-Voucher Program [1] | 14.871 | CA114V | <u>13,253,702</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>22,733,199</u> |

[1] Denotes major program

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF GLENDALE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

| <u>Grantor/Pass-through Grantor/Program and/or Project Title</u> | <u>Federal CFDA Number</u> | <u>Pass-through Entity or Grant Identifying Number</u> | <u>Federal Expenditures</u> |
|---|------------------------------------|--|---------------------------------|
| U.S. Department of Labor | | | |
| Pass-through State of California Employment Development Department: | | | |
| Workforce Investment Act Cluster | | | |
| Title I 15% Pilot (Incentive Award) 2003-2006 | 17.260 | R485318 | \$ 1,710 |
| WIA Adult 2004-2006 | 17.258 | R588764 | 109,330 |
| WIA Dislocated Worker 2004-2006 | 17.260 | R588764 | 171,931 |
| WIA Youth 2004-2006 | 17.259 | R588764 | 100,659 |
| WIA Rapid Response 2004-2006 | 17.260 | R588764 | 391,988 |
| Title I 15% Adult Spec 2005-2007 | 17.260 | R588764 | 123,044 |
| Title I 15% Pilot (Incentive Award) 2004-2007 | 17.260 | R588764 | 3,373 |
| WIA Adult 2004-2006 | 17.258 | R692515 | 525,907 |
| WIA Dislocated Worker 2004-2006 | 17.260 | R692515 | 529,376 |
| WIA Youth 2004-2006 | 17.259 | R692515 | 573,011 |
| WIA Rapid Response 2004-2006 | 17.260 | R692515 | 395,501 |
| WIA Emergency Grant | 17.260 | R692515 | 899,953 |
| Sub-total | | | <u>3,825,783</u> |
| Pass-through City of Hawthorne: | | | |
| PAN (SCAIP-527) | 17.260 | R485314 | 15,206 |
| Hawthorne STEP | 17.260 | 73483 | 40,522 |
| Sub-Total | | | <u>55,728</u> |
| Total Workforce Investment Act Cluster | | | <u>3,881,511</u> |
| Pass-through State of California Employment Development Department: | | | |
| Employment Service - Title I One Stop | 17.207 | R588764 | 1,786 |
| Total U.S. Department of Labor | | | <u>3,883,297</u> |
| U.S. Department of Justice: | | | |
| Direct Programs: | | | |
| 2003 Law Enforcement Block Grant | 16.592 | 2003LBBX0165 | 122,256 |
| 2004 Law Enforcement Block Grant | 16.592 | 2004LBBX0604 | 51,495 |
| Sub-total | | | <u>173,751</u> |
| 2001 Nunn-Lugar-Domenici Domestic Preparedness Equipment Program | 16.006 | 2002-TE-CX-0065 | 76,238 |
| Pass-through County of Los Angeles: | | | |
| FY 2003 Part 2 State Homeland Security Grant | 16.007 | 2004-0014 | 124,137 |
| Total U.S. Department of Justice | | | <u>374,126</u> |

[1] Denotes major program

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF GLENDALE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

| <u>Grantor/Pass-through Grantor/Program and/or Project Title</u> | <u>Federal CFDA Number</u> | <u>Pass-through Entity or Grant Identifying Number</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|--|---------------------------------|
| U.S. Department of Transportation | | | |
| Pass-through State Department of Transportation: | | | |
| Highway Planning and Construction Cluster [1] | | | |
| SR134 & San Fernando Phase II | 20.205 | RPSTPL-5144(028) | \$ 10,908,360 |
| SR134 & San Fernando Phase II | 20.205 | IPSTPL-5144 (024) | 376 |
| Brand Blvd. Improvements Phase I | 20.205 | STPLH-5144 (034) | 986,982 |
| New Signal at Colorado St & Campus | 20.205 | STPLH-5144 (037) | 118,800 |
| Total U.S. Department of Transportation | | | <u>12,014,518</u> |
| Department of Homeland Security: | | | |
| Direct Programs: | | | |
| 2003 Assistance to Firefighters Act | 97.044 | EMW-2003-02447 | 78,149 |
| FY 2004 Metropolitan Medical Response System | 97.071 | 2004-0045 | 168,208 |
| Sub-total Direct Programs | | | 246,357 |
| Pass-through Governor's Office of Emergency Services: | | | |
| Public Assistance Grants (Northridge Earthquake) | 97.036 | FEMA-1008-DR-CA OES ID #037-30000 | 753,230 |
| Pass-through Los Angeles County: | | | |
| FY 2004 State Homeland Security Grant Program | 97.004 | 2002-0133 | 76,570 |
| FY 2005 State Homeland Security Grant Program | 97.067 | | 240,647 |
| FY 2005 Urban Area Security Initiative | 97.067 | | 86,580 |
| FY 2005 Metropolitan Medical Response System | 97.067 | 2003-0023 | 382 |
| Emergency Management Performance | 97.067 | | 14,341 |
| Sub-total | | | 418,520 |
| Pass-through City of Los Angeles: | | | |
| FY 2003 Urban Area Security Initiative Part II | 97.008 | 2003-0167 | 147,236 |
| FY 2004 Urban Area Security Initiative | 97.008 | EMW-2004-GR-0684 | 82,091 |
| Sub-total | | | 229,327 |
| Total Department of Homeland Security | | | <u>1,647,434</u> |

[1] Denotes major program

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF GLENDALE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

| <u>Grantor/Pass-through Grantor/Program and/or Project Title</u> | <u>Federal CFDA Number</u> | <u>Pass-through Entity or Grant Identifying Number</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|--|----------------------------------|
| Institute of Museum and Library Services | | | |
| Pass-through California State Library: | | | |
| IMLS TLC Homework Help | 45.310 | CL-00-03-0019-03 | \$ 1,997 |
| English Literary - WIA | 45.310 | 33973V341 | 1,195 |
| Global Language Materials | 45.310 | 40-6238 | 3,035 |
| Library Services for Small Businesses | 45.310 | 40-6350 | 4,688 |
| Reach Out and Read Grant | 45.310 | 40-6378 | 224 |
| Local History Digital Resource | 45.310 | 40-6261 | 5,366 |
| Service Learning at the Library | 45.310 | | <u>65,812</u> |
| Total Institute of Museum and Library Services | | | <u>82,317</u> |
| Environmental Protection Agency | | | |
| Vulnerability Assessment and Security Improvements at Water Utilities | 66.476 | HS-82991401 | <u>30,489</u> |
| Chromium 6 Removal Studies | 66.606 | X-97947901 | 7,958 |
| Chromium 6 Removal Studies Sub-total | 66.606 | X-96916501 | <u>183,246</u> <u>191,204</u> |
| Total Environmental Protection Agency | | | <u>221,693</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 41,688,045</u> |

[1] Denotes major program

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF GLENDALE

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2006**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the Federal grant activity of the City of Glendale, California (the City) and is presented on the modified-accrual basis of accounting which is described in the notes to the City's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, which is described in Note #1 to the City's financial statements.

C. Relationship to Basic Financial Statements

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the City's financial statements.

Federal award revenues are reported principally in the City's financial statements as revenue from other agencies in the General, Special Revenue Funds, and Enterprise Funds.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, with the amounts reported in the related federal financial reports.

NOTE #2 – OUTSTANDING LOANS

At June 30, 2006, outstanding loans under the Department of Housing and Urban Development – Section 108 were \$1,450,000.

CITY OF GLENDALE

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2006**

NOTE #3 – AMOUNT PROVIDED TO SUBRECIPIENTS

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the City provided federal awards to subrecipients as follows:

| Program Title | Federal CFDA Number | Federal Award Expenditures |
|---|------------------------------------|---|
| U.S. Department of Housing and Urban Development | | |
| Communtiy Development Block Grant | 14.218 | \$ 597,213 |
| Emergency Services Grant | 14.231 | 206,609 |
| Supportive Housing Program | 14.235 | 721,130 |
| Total U.S. Department of Housing and Urban Development | | <u>1,524,952</u> |
| | | |
| U.S. Department of Labor | | |
| Workforce Investment Act Cluster | 17.259 | <u>437,938</u> |
| Total U.S. Department of Labor | | <u>437,938</u> |
| | | |
| Total Amount Provided to Subrecipients | | <u><u>\$ 1,962,890</u></u> |

CITY OF GLENDALE

**SUMMARY OF AUDITORS' RESULTS
YEAR ENDED JUNE 30, 2006**

FINANCIAL STATEMENTS

| | |
|---|----------------------|
| Type of auditors' report issued: | <u>Unqualified</u> |
| Internal control over financial reporting: | |
| Material weaknesses identified? | <u>No</u> |
| Reporting conditions identified not considered to be material weaknesses? | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u> |

FEDERAL AWARDS

| | |
|--|----------------------|
| Internal control over major programs: | |
| Material weaknesses identified? | <u>No</u> |
| Reporting conditions identified not considered to be material weaknesses? | <u>None reported</u> |
| Type of auditors' report issued on compliance for major programs: | <u>Unqualified</u> |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) | <u>No</u> |
| Identification of major programs: | |

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| 14.239 | Home Investment Partnership Act |
| 14.871 | Section 8 Housing Assistance |
| 20.205 | Highway Planning and Construction Cluster |

| | |
|--|---------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$ 1,250,641</u> |
| Auditee qualified as low-risk auditee? | <u>No</u> |

CITY OF GLENDALE

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

None noted.

CITY OF GLENDALE

**SCHEDULE OF FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

There are no findings that represent reportable conditions and instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

CITY OF GLENDALE

**SCHEDULE OF PRIOR AUDIT FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

Summarized below is the current status of all audit findings reported in the prior audit's schedule of federal awards findings and questioned costs.

| Finding No. | Program | CFDA No. | Compliance Requirement | Status |
|--------------------|---------------------------------------|----------------------------|--|---------------|
| 2005-1 | State Homeland Security Grant Cluster | 16.007 97.071 97.004 | Equipment and Real Property Management | Implemented |
| 2005-2 | Urban Area Security Initiative | 97.008 | Equipment and Real Property Management | Implemented |