

# City of Pomona

Pomona, California

*Single Audit Reports*

*For the year ended June 30, 2006*

**C&L**  
Caporicci & Larson  
Certified Public Accountants

City of Pomona  
Single Audit Reports  
For the year ended June 30, 2006

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of City Council  
of the City of Pomona  
Pomona, California

We have audited the basic financial statements of the City of Pomona, California (City) as of and for the year ended June 30, 2006, and have issued our report thereon dated December 1, 2006. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

**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 opinion on the financial statements and not to provide assurance 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 over financial reporting 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. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City in a separate letter dated December 1, 2006.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Caporicci & Larson*

Irvine, California  
December 1, 2006

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Certified Public Accountants

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

To the Honorable Mayor and Members of City Council  
of the City of Pomona  
Pomona, California

Compliance

We have audited the compliance of the City of Pomona, California (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The City's major federal programs are identified in the summary of the auditors' 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 generally accepted auditing standards in the United States; 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, *Audit 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.

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To the Honorable Mayor and Members of City Council  
of the City of Pomona  
Pomona, California  
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Our consideration of the internal control over compliance 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 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 the internal control over compliance and its operation that we consider to be material weaknesses.

**Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the City as of and for the year ended June 30, 2006, and have issued our report thereon dated December 1, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken 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 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as whole.

This report is intended for the information of the City Council, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Capricci & Carson*  
Irvine, California  
December 1, 2006

City of Pomona  
 Single Audit Reports  
 Schedule of Expenditures of Federal Awards  
 For the year ended June 30, 2006

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development:</b>			
Direct Program:			
Community Development Block Grant 02/03 <i>through</i>	14.218	B-03-MC-06-0527 <i>through</i>	
Community Development Block Grant 04/05	14.218	B-05-MC-06-0527	\$ 4,338,073
Home Investment Partnership Programs:			
Home Investment Partnership Program 03/04 <i>through</i>	14.239	M-04-MC-06-0528 <i>through</i>	
Home Investment Partnership Program 04/05	14.239	M-05-MC-06-0528	1,542,247
Emergency Shelter Grant	14.231	S-04-MC-06-0527	112,826
Supportive Housing Program	14.235	CA16C1000040	96,947
Shelter Plus Care	14.238	CA16C931148	176,494
Section 8 - HVAP	14.855 *	CALHB0284-04	9,073,650
Lead Paint Hazard Control Grant	14.238	CA16C931148	278,781
<b>Total U.S. Department of Housing and Urban Development</b>			<u>15,619,018</u>
<b>U. S. Department of Transportation:</b>			
Passed through State of California:			
OTS Pedestrian Grant	20.600	PS0414	<u>22,417</u>
<b>Total U.S. Department of Transportation</b>			<u>22,417</u>
<b>U. S. Department of Justice:</b>			
Direct Programs:			
COPS in School Grant	16.710 *	2004SHWX0141	258,245
JAG Grant	16.579	2005DJBX056	82,548
Weed & Seed Grant	16.595	2005WSQ50126	34,387
<b>Total Direct Programs</b>			<u>375,180</u>
Passed through County of Los Angeles			
Homeland Security Grant	97.004	2004-45	<u>96,717</u>
<b>Total Passed Through Programs</b>			<u>96,717</u>
<b>Total U.S. Department of Justice</b>			<u>471,897</u>
		Balance carried forward	<u>\$ 16,113,332</u>

\* Denotes Major Program

See accompanying Notes to Schedule of Expenditures of Federal Awards

City of Pomona  
 Single Audit Reports  
 Schedule of Expenditures of Federal Awards, Continued  
 For the year ended June 30, 2006

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Balance carried over from previous page			\$ 16,113,332
U. S. Department of Health and Human Services:			
Passed through County of Los Angeles:			
Title III-C Nutrition	93.045	* 42177	148,090
<b>Total U. S. Department of Education</b>			<u>148,090</u>
U.S. Department of Agriculture:			
Passed through County of Los Angeles:			
Nutrition Program for the Elderly	10.570	42177	26,992
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u>\$ 16,288,414</u>

\* Denotes Major Program

City of Pomona  
Single Audit Reports  
Notes to the Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2006

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1. REPORTING ENTITY

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) Codification, consists of the primary government, which is the City of Pomona, California (City), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City Council acts as the governing body and is able to impose its will on the following organizations, establishing financial accountability:

- The Redevelopment Agency of the City of Pomona
- The Pomona Public Financing Authority
- The Housing Authority of the City of Pomona
- The Canon Water Company

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Funds received under the various grant programs have been recorded within special revenue and capital projects funds of the City. The City utilizes the modified accrual method of accounting for special revenue and capital projects funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all Federal financial assistance programs of the City. Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through the State of California and the County of Los Angeles is included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position, changes in fund balance, or results of operations of the City.



City of Pomona  
 Single Audit Reports  
 Schedule of Findings and Questioned Costs  
 For the year ended June 30, 2006

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Pomona.
2. No reportable conditions relating to the audit of the financial statements are reported in the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Pomona were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs were reported in the financial statements.
5. The auditors' report on compliance for the major federal award programs for the City of Pomona expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the City of Pomona are reported in Part C of this Schedule.
7. The programs tested as major programs included:

Major Program	Expenditures
Section 8 - HVAP	\$ 9,073,650
COPS in Schools	258,245
Title III-C Nutrition	148,090
<b>Total Major Program Expenditures</b>	<b>\$ 9,479,985</b>
<b>Total Federal Award Expenditures</b>	<b>\$ 16,288,414</b>
<b>Percent of Total Federal Award Expenditures</b>	<b>58.20%</b>

8. The threshold for distinguishing Types A and B programs was \$488,652.
9. The City of Pomona was determined to be a high risk auditee.

**B. CURRENT YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT**

No financial statement findings were noted.

**C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

No findings or questioned costs were noted on the City's Major Programs.